Austria	Sch. 15	Indonesia	Rp 2500	Portugal	Esc 65
Bahrain	Din 0.650	Italy	L 1100	S. Arabia	Rls 5.00
Belgium	BFr 35	Japan	Y550	Singapore	S$ 4.10
Canada	C$1.50	Jordan	Fils 500	Spain	Pts 95
Cyprus	Mils 600	Kuwait	Fils 500	Sri Lanka	Rup 30
Denmark	Dkr 7.00	Lebanon	L6.00	Sweden	Skr 6.50
Egypt	E£1.00	Luxembourg	Lfr 35	Switzerland	SwFr 2
Finland	Fmk 5.50	Malaysia	[illegible]	Taiwan	NT$65
France	Fr 5.50	Mexico	Pes. 300	Tunisia	Din 0.600
Germany	DM 2.00	Morocco	Dh 6.00	Turkey	L 160
Greece	Dr 60	Netherlands	Fl 2.25	U.A.E.	Dh 6.50
Hong Kong	HK$ 12	Norway	Nkr 6.00	U.S.A.	$1.50
India	Rup. 15	Philippines	Pes 20		

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,148 — Tuesday October 18 1983 — D 8523 B

Lebanon: the key role played by Syria, Page 19

NEWS SUMMARY

GENERAL

U.S. man on missile spying charge

The U.S. has charged an American citizen with selling secrets about the Minuteman missile and ballistic missile defence systems for more than $250,000 to a Polish spy, for relay to the Soviet Union.

The man is a Californian, James Harper, who was arrested on Saturday and arraigned yesterday.

An army expert said the material described U.S. plans to enable Minuteman to survive a Soviet nuclear first strike. Harper's spying was said to have gone on from May 1979 until the preseot. The damage done is said to be incalculable.

South African raid

South African forces carried out a new raid on Maputo, the Mozambique capital, attacking the offices of the black nationalist African Natiooal Coogress. Mozambique said five people were injured.

South African Defence Minister General Magnus Malan said the raid followed the sabotage attack by the ANC on a fuel depot in Transvaal last week. Page 4

Mozambique crisis

Thousands of people are in danger of dying in southern Mozambique, following a secood consecutive year of drought, said an official report.

More Lebanon shots

Shelling and sniping broke out in at least three war zones in Lebanon. The U.S. Marines commander Col Tim Geraghty said that the gunmen who killed two of his men in Beirut recently were newly arrived infiltrators who aimed to sabotage peace efforts. Page 4

Shamir foiled

Plans of Israeli Premier Yitzhak Shamir to name his new Finance Minister, believed to be right-wing economist Yigal Cohen-Orgad, were thwarted by inter-party rivalries. Page 20

Philippines reforms

Philippines ruling New Society Movement (KBL) agreed to adopt electoral reforms to encourage opponents of President Ferdinand Marcos to contest next year's elections.

Wind power start

World's largest wind power plant, 150 metres high, with 100 metre sails, started operating at Brunsbüttel, near the mouth of the Elbe, West Germany.

Falklands crash

A British air force Phantom jet crashed in the Falkland Islands, killing its two crew.

Baptists for trial

Two Latvian Baptists are to stand trial in Riga for anti-Soviet activities.

Shooting in Punjab

Gunmen shot dead a policeman and wounded another in India's troubled Punjab state.

Oriels win series

Baltimore Oriels beat Philadelphia Phillies 5-0 to win U.S. baseball's World Series by four games to one.

Briefly...

Lucca, Italy, Bandits broke into a house and kidnapped a 17-month-old child.

French Marxist Manes Sperber, 77, won the German Book Publishers' peace prize at Frankfurt.

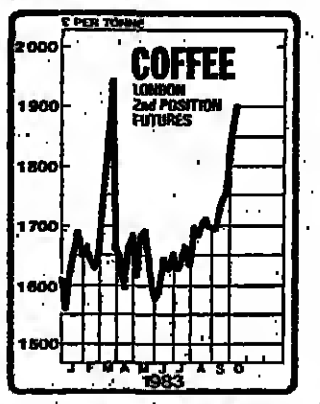
Raymond Aron, French right-wing philosopher and writer, 78, died in Paris. Page 2

BUSINESS

Austin Morris returns to U.S.

● AUSTIN MORRIS, the main car unit of the British Leyland group, is planning to re-enter the U.S. market, which it left two years ago. Page 20

● COFFEE prices rebounded in London, with a £28.5 rise to £1,902 ($2,857.35) a tonne in the January position. Page 44



● DOLLAR fell to DM 2.603 (from DM 2.6185), FFr 7.955 (FFr 7.9975) and SwFr 2.11 (SwFr 2.121), but rose to Y233 (Y232.8). Its Bank of England trade-weighted index fell from 126.4 to 125.9. In New York it closed at DM 2.5842; FFr 7.9025; SwFr 2.0955 and Y232.07. Page 45

● STERLING edged up 15 points to $1.5015 and to Y350 (Y349.5), but eased to Dm 3.91 (DM 3.93), FFr 11.9425 (FFr 11.995), and SwFr 3.1725 (SwFr 3.185). Its trade-weighting closed unchanged from Friday's 83.6. In New York it closed at $1.5040. Page 45

● GOLD fell $4.625 in London to $394.625. In Frankfurt it closed $4.125 lower at $394.625, and in Zurich it fell $5 to $394.5. In New York the Comex October settlement price was $397.4. Page 44

● LONDON: FT Industrial Ordinary index eased by 0.9 to 677.6. Some Government securities showed small increases. Report, FT Share Information Service. Pages 39-42

● WALL STREET: Dow Jones index closed up 5.18 at 1,268.70. Report, Page 35. Full share listings, Pages 36-38.

● TOKYO: Nikkei Dow index rose 36.56 to 9,420.9. Stock Exchange index closed 2.97 up at 685.78. Report, Page 35. Leading prices, other exchanges, Page 38.

● EAST European countries will press the Soviet Union to pay more for their agricultural produce and to guarantee energy and raw materials supply. Comecon talks open today, Page 2

● MOSCOW: First U.S. trade exhibition for six years opened with more than 100 companies featuring agricultural equipment.

● AUSTRALIA is to introduce controls on the activities of insurance brokers and agents.

● CHASE MANHATTAN, third largest U.S. banking group, reported third-quarter earnings 11.5 per cent lower at $108m, and blamed Brazilian and Venezuelan loan repayment delays. Page 21

● AMERICAN EXPRESS reported third-quarter earnings a less-than-expected 11 per cent up at $180m. Page 21

● LOCKHEED, the U.S. aerospace group, reported third-quarter earnings 6 per cent higher at a nat $59.6m. Page 21

● MCDONNELL DOUGLAS aircraft production in the U.S. is likely to stop because of a walk-out by 7,000 workers. Page 5

● FISONS, the UK health care and agriculture group intends to raise $15m from U.S. financial institutions. Page 26

EEC seeks early move to reduce trade barriers

BY PAUL CHEESERIGHT IN LUXEMBOURG

The EEC is to explore with the world's major trading nations the possibility of accelerating planned tariff cuts in an attempt to give substance to declarations first to halt and then to roll back protectionism.

But it will continue to maintain its restrictions on Japanese imports and yesterday decided in principle to double its tariff to 19 per cent on compact disc players.

These moves emerged yesterday from a meeting of the EEC Council of Ministers in Luxembourg.

Ministers gave Mr Wilhelm Haferkamp, the Commissioner in charge of external relations, authority to pursue a Commission scheme which would involve industrialised nations in speeding tariffs cuts, agreed during the 1970s Tokyo Round of multilateral trade negotiations, when their economic growth rates reach 2 per cent a year.

This is the first tangible initiative to reduce trade barriers internationally since leading economic powers committed themselves at their Williamsburg summit last May to reverse protectionism as recovery takes place.

Half the tariff cuts agreed in the Tokyo Round are still outstanding and should take place in four stages at the beginning of each of the next four years.

If the scheme wins agreement it would mean immediate action by the U.S. and Japan whose growth rates are higher than that of the EEC. Hitherto the EEC has made its share of cuts due from 1985 to 1987 conditional on its own economic health, but under the Commission's scheme it would be prepared to drop this reservation.

The idea of speedier tariff cuts was floated at a meeting in Ottawa last month attended by the trade ministers of Canada, the U.S. and Japan, and by Mr Haferkamp. The initial reaction is said to have been cordial.

Withio the EEC only France had reservations about pursuing the initiative. France has also been in the forefront of moves to take a more aggressive stand against Japanese trading policy.

But yesterday both West Germany and Denmark argued that action to protect EEC industry further against Japan could kill the tariff initiative. Japan is believed to be sbowing unusual interest in the proposal.

Discussions about EEC relatious with Japan led to no fresh ideas on how to reduce the EEC trade deficit, estimated at $12bn for 1983. But the Commission is to negotiate with Japan, with the aim of continuing existing Japanese export restraints on products like video cassette recorders and colour televisions.

The raising of the tariffs on compact disc players, which Germany opposed but which can be decided by majority vote, suggests that the EEC is trying to provoke Japan into further measures to boost imports.

Ministers decided not to pursue in the immediate future the EEC complaint in the General Agreement on Tariffs and Trade against Japan's trading policies.

EEC demands steel compensation; Spain and Portugal's accession, Page 20; plastics price-fixing probe, Page 7

Tebbit to act 'briskly' on UK privatisation

BY MARGARET VAN HATTEM, POLITICAL CORRESPONDENT, IN LONDON

THE BRITISH Government intends to proceed at a "brisk" pace with its programme of selling off nationalised industries.

Mr Norman Tebbit, the former Employment Secretary who yesterday took over as Trade and Industry Secretary from Mr Cecil Parkinson, said privatisation of state industries was one of the most important aspects of the Governmeot's programme. "The nationalised industries have been letting us down, in many cases, for years," he said.

He made clear that he would not be making any changes to the programme worked out by Mr Parkinson, who resigned from the Cabinet after admitting having a love affair with his former secretary.

The Government hopes to complete the short-term part of the programme during the present session of parliament. This involves the sale of part or all of its holding in British Telecom, British Airways, British Gas, North Sea oilfields and the Wytch Farm, Dorset, oilfield, British Rail's Sealink, British Shipbuilders' repair yards and the Royal Ordnance arms factories.

In the medium term, the programme will probably stretch through next session of parliament, but here, too, indications are that the Government hopes to move fast. This will involve BL's Jaguar, Land-Rover and Unipart concerns, the National Bus Company, the British Airport Authority's airports and British Shipbuilders' warship yards.

Over the longer term, the Government will be looking at British Steel, British Rail, British Gas, the Civil Aviation Authority, Rolls-Royce aero engines and the remainder of BL.

Mr Tebbit is due to take part in the Anglo-French summit tomorrow. President Mitterrand, of France, and six of his ministers are due in London for talks in which issues of the EEC hudget are likely to loom large.

On the British side, Sir Geoffrey Howe, Foreign Secretary, and Mr Nigel Lawson, Chancellor of the Exchequer, are expected to join a team of ministers led by Mrs Margaret Thatcher, the Prime Minister.

Editorial comment, Page 18

France 'near accord on Olivetti stake'

BY PAUL BETTS IN PARIS

THE French Government is on the verge of reaching agreement after months of complex negotiations with Olivetti on its 32 per cent shareholding in the leading Italian electronics company.

The agreement is expected to see Compagnie Générale d'Electricité (CGE), the large and profitable French nationalised electronics group, take a 10 per cent stake in Olivetti from the French Government. The remaining 22 per cent in Olivetti held by France would either be sold back to Olivetti, or to institutional investors in Europe, or both.

The French Government at present holds its stake in Olivetti through the nationalised Bull computer group, with 24 per cent, and Saint-Gobain, the nationalised diversified glassmaker, with 8 per cent. Saint-Gobain originally acquired the Olivetti stake before it was nationalised by the Socialist Government.

Under its ambitious plan to reorganise the French electronics industry, the Socialist Administration divested Saint-Gobain of its electronics interests to concentrate the date processing industry around the troubled Bull group. At the same time, CGE is to become the centre of the French telecommunications industry through its CIT-Alcatel subsidiary now due to take control of the telecommunications business of Thomson, the other large nationalised electronics group.

Under the circumstances, the Government favoured a CGE-Olivetti link-up to strengthen CGE's positioo in the telecommunications industry at a time when its major international telecommunications rivals are teaming up with data processing companies.

CGE's CIT-Alcatel subsidiary has already signed an industrial joint venture agreement with Olivetti to produce jointly electronic typewriters. Moreover, CIT-Alcatel is understood to be seeking other forms of technical and industrial collaboratioo with the Italian company.

CIT-Alcatel's industrial agreement with Olivetti has beeo held up by the negotiations between France and the Italian group over the 32 per cent French stake. Ever since nationalisation of Saint-Gobain, Sig Carlo de Benedetti, Olivetti's chief

Continued on Page 20

Nobel Prize awarded to U.S. professor

By Kevin Done in Stockholm

PROFESSOR Gerard Debreu, professor of economics and mathematics at the University of California, Berkeley, was yesterday awarded the 1983 Nobel Prize in economics.

The 62-year old French-born professor, a citizen of the U.S. since 1975, won the SKr 1.5m ($192,000) prize for this penetrating basic research work in one of the most central fields of economic science, the theory of general equilibrium, the Royal Swedish Academy of Sciences, the nominating body, said yesterday.

This year's prize is the sixth in succession to have been won by economists working in the U.S. and follows last year's award to Professor George Stigler of the University of Chicago.

Several of the previous awards have been surrounded by controversy often arising from the recipient's political connections, but the latest prizewinner is likely to be less conteotious.

According to the Academy, Prof Debreu's major achievement is his work in proving the existence of equilibrium-creating prices.

Profile, Page 5

Bundesbank calls for boost in investment

BY JOHN DAVIES IN FRANKFURT

WEST GERMAN companies must boost their profits and investment further to provide the basis for sustained ecooomic growth and more jobs, according to the Bundesbank, the country's central bank.

It said that both profits and gross investment – including replacement of depreciated equipment and buildings – recovered in the first half of this year, but were still unsatisfactory.

At the same time, the Bundesbank confirmed that the money supply increased last month at the same pace as in August.

The money supply has grown at an annual rate of 8 per cent, seasonally adjusted, since the fourth quarter of last year. This is generally regarded as within a comfortable distance of the 4 to 7 per cent target range.

The Bundesbank said in its monthly report yesterday that gross investment by business undertakings outside the banking and building sectors was up 4.5 per cent in the first half of this year, compared with the same period last year.

The increase in this iovestment outstripped the growth of gross national product (GNP) for the first time since recession took firm hold two years ago.

Even so, investment made by these businesses amounted to only 11 per cent of GNP, and after deducting expenditure which merely offset depreciation, it amounted to only 1.5 per cent of GNP.

This is the lowest net investment ratio in post-war history, apart from a short spell after the first oil crisis of 1973-74. The net investment rabo was 4 per cent on average io the 1970s and 6 per cent in the 1960s.

The Bundesbank said that the

Continued on Page 20

Invisibles deficit narrows, Page 3

Hong Kong markets remain uncertain

BY ALAIN CASS, ASIA EDITOR, IN HONG KONG

HONG KONG's currency markets reacted uncertainly yesterday to the Government's weekend support measures for the currency. These centred around the pegging of new currency notes at HK$7.80 to the U.S. dollar, ending nearly 10 years of floating exchange rates.

At the close of trading, the currency was valued at HK$7.90–HK$8.00 to the U.S. dollar.

Thin trading, mostly by small investors, reflected widespread confusion over how the measures announced on Saturday would work in practice.

It also reflected cootinuing concern over Hong Kong's political future, and, in particular, the outcome of the fifth round of talks between Britain and China, which start in Peking on Wednesday.

The colony's stock market, however, gave the measures a cautious welcome. The Hang Seng index ended the day 33.04 points up on last week's close at 771.55.

Sir John Bremridge, the colony's Financial Secretary, acknowledged in a statement yesterday that there was "confusioo and misunderstanding." But he added that the markets were beginning to grasp the arbitrage process which, the Government says, is at the heart of their strategy to keep the free market rate close to the rate set by the Govermneot.

Arbitrage is the process by which mooey dealers profit by the difference betweeo the buying and selling price of a currency.

Hong Kong's two note-issuing banks, the Hongkong and Shanghai Bank and the Chartered Bank, were inundated with calls yesterday from clieots wanting to know how the measures worked. Saturday's measures also included the abolition of the tax on interest on locally held Hong Kong dollar deposits.

Officials were stressing yesterday that the new measures worked out in close co-operation with Bank of England officials, do not mean "that the man in the street will be able to exchange Hong Kong dollars for U.S. dollars at the rate of HK$7.80."

The measures only apply to dealings between the two note-issuing banks and the Government's exchange fund, which holds the colony's reserves.

Lex, Page 20

Space film may be launch pad for Glenn campaign

By Reginald Dale in Washington

IF $40m of Hollywood money has anything to do with it, the first seven American astronauts are poised for a sensational comeback as national cult heroes – just 22 years after they started hurtling perilously into space in a frantic bid to catch up with the Russians.

Later this week, American filmgoers will get their first chance to see a spectacular new real-life epic chronicling the exploits of the astronauts – and the test pilots who went before them – as they competed to show that they had "the right stuff" to climb to the apex of their often fatally dangerous careers.

The Right Stuff is the title of the 3 bour 10 minute film, based on a 1979 best-selling book by the American writer, Tom Wolfe.

As it was launched with elaborate fanfare in Washington at the weekend, it was not just film critics who were jockeying for invitations to the première. It may be, as its promoters are hoping, the Oscar-winning American film of the year. More important, in Washington's eyes, it will also make political history. The principal character, Mr John Glenn (played by actor Ed Harris), just happens to be running for President.

Never before has a full length film starring a presidential candidate appeared in the middle of a campaign. President Ronald Reagan's famous "old movies" in which he was the actor oot the actual hero, bear no comparisoo. Despite intense speculatioo by pundits and pollsters, nobody can say with any certainty whether or not it will aid Mr Glenn's bid for the Democratic presidential nominatioo oext year, or even, if he succeeds, help elevate him to the White House.

The film – conceived long before Mr Glenn launched his run – is unabashedly American macho. Mr Wolfe believes that the Kennedy-era astronauts, untainted by the trauma of Vietnam that was to follow, are the "last true American heroes."

That is how the film portrays them, against a background of dramatic flight and space photography, swelling music and often light-bearted human interest sequences that hring io their anxious wives.

It is much less cynical about Mr Glenn than the book, which made him out to be ambitious, prudish and self-righteous, especially in the famous scene in which he exhorts

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CONTENTS

EUROPEAN NEWS

NOVEMBER POLL FIRST FOR SIX YEARS

Turkish election gets off to damp start

BY DAVID BARCHARD IN ANKARA

TURKEY'S first general election campaign in six years has had a damp start, with the public apparently turniog e cold shoulder to the new political parties.

Traditionally, Turkish election campaigns are heady affairs. Crowds of tens of thousands pack into the main squares of the big cities. Leaders travel in convoys of cars several kilometres long amid chanting supporters. Skirmishes and even gunfights erupt at intervals.

All three parties which are being permitted by the military to compete in the elections oo November 6, however, are finding that their first response from the public is small crowds and embarrassing public indifference.

The two front-running parties – the Nationalist Democracy Party of Mr Turgut Sunalp and the Motherland Party of Mr Turgut Ozal – managed to attract audiences of only 5,000 for speeches by their leaders in major cities over the weekend.

In Izmir, fancied as a potential stronghold for the Nationalist Democracy Party, even the bussing in of supporters from surrounding towns and American-style election razzamatazz, failed to draw the crowds. The cities' residents complained at being woken up by the crowing of giant effigies of roosters, the party emblem, being pulled through the streets.

In Erzerum, Mr Ozal, who is usually said to be attracting more grassroots support than his rivals, took one look at the small crowd and adjourned his election speech to a smaller square.

Turkish journalists said that only a handful at the front of the crowd cheered him, and then only when foreign television crews pointed their cameras at them.

Mr Necdet Calp, the Populist Party leader, retained his reputation as the most luckless of the three party chiefs. He was banned by the Malatya martial law authorities from beginning his campaign with an open air speech. His aeroplane broke down and he eventually delivered a speech three hours late to an audience in a cinema with capacity of just over 1,000 people.

So far, no significant issues appear to divide the parties, although there is some controversy over Mr Ozal's record as economic overlord.

Most worrying for the parties in the election is the possibility that e "non-election" campaign by the two major groupings excluded from the poll could overshadow them.

Shortfall in Community budget forecast at £340m

BY JOHN WYLES IN LUXEMBOURG

THE EEC's 1983 farm budget will fall ECU 600m (£340m) abort unless the Commission egrees tomorrow to defer some expenditure to next yeor, a senior Commission official confirmed yesterday.

M Cloude Villain, the Director General for Agriculture, said he thought spending of at least ECU 400m (£230m) would need to be postponed in order to be sure of balancing the CAP budget. The remaining ECU 200m shortfall could be dealt with through normal cash management, he said.

He would not speculate on what measures the Commission might adopt when it considers the CAP's cash flow crisis tomorrow. But he believed that maintaining the current suspension until the end of the year of advance payments on export subsidies and on a variety of producer aids would yield the necessary ECU 400m.

These payments were suspended by the Commission for 10 days from last Wednesday after effectively over-ruling an independent initiative by Mr Poul Dalsager, the Agriculture Commissioner, to defer a variety of payments totalling ECU 400m for three months.

The Commission has doubted whether tha Ecu 15.7bn earmarked for farm spending this year would be enough since member states lodged requests for advance poyments for November totalling Ecu 1.6bn for November—more than Ecu 250m ebove the year's monthly average.

Under pressure from the Commission, which suspected thot some member states were anticipating a December cash shortage and deliberately inflating their demands, these requests have now been trimmed to Ecu 1.3bn. But the baloncing Ecu 1.1bn left in the CAP treasury will not be sufficient for December. The Commission cannot call ou member states to pass more money to the EEC budget because this year's total spendin gis only Ecu 80m short of the total amounts which member governments can legally hand over to Brussels.

The CAP's cash problems are expected to be discussed by EEC agriculture ministers at their regular council meeting here today. Last night they had a first look at Commission proposals for reducing New Zealand butter imports from 87,000 tonnes this year to 73,000 tonnes over fiva years.

Mr Warren Cooper, New Zealand's minister with responsibility for overseas trade attacke dthe proposals here yesterday as protectionist

Raymond Aron dies

BY PAUL BETTS IN PARIS

M RAYMOND ARON, perhaps one of the best known contemporary French thinkers, died yesterday at the age of 78. He suffered a heart attack shortly after appearing as a witness in a Paris libel trial.

Regarded as one of the most emioent liberal thinkers of the century, M Aron was a student in Paris with Jean-Paul Sartre. He called Sartre "mon petit camarade," but the two writers had a difficult intellectual relationship which lasted for half a ceotury.

From the beginning, Aron was a harsh oppooent of all forms of totalitarianism, a passionate foe of Stalinism and a constant critic of the Freoch intellectual left. He also refused to involve himself directly in politics. But he remained active to the very end on the editorial board of the French weekly l'Express, in which be wrote a regular and much respected political column.

In contrast, Sartre was always actively politically committed and became a leading symbol of French left-wing intellectualism.

Aron criticised the French left's faddish attachment to Marxism in one of his most famous books, L'Opium des Intellectuels. Just before his death, Aron, a prolific writer, published his memoirs which had brought him back in the literary spotlight in France. His memoirs topped the list of noo fiction best sellers in France, last week.

Aron was born on March 14, 1905 in Paris. His father was e law professor. In 1924 ha went to the prestigious Ecole Normale Superieur in Paris, where he met Jean-Paul Sartre.

As a journalist, before working for L'Express, he worked with Le Figaro before falling out with the newspaper's proprietor, M Robert Hersant. Aron wrote some 30 books including Essai sur les libertes, democratie et totalitarisme.

Craxi warns MPs after defeat

BY JAMES BUXTON IN ROME

SIG BETTINO CRAXI, Italy'a first Socialist Prime Minister, yesterday warnad his Cabinet in strong tones that he would tolerate no repetition of the breakdown in party discipline thet led to his coalition Government's devasting parliamentary defeat last week. Ha even hinted in public yesterday et the possibility of resigning.

Both the Government's credibility and its economic strategy were badly shaken when the Chamber of Deputies threw out a decree granting an amnesty to the millions of Italians who heve infringed building regulations since 1942 in exchange for tax payments.

The amnesty was expected to raise L9,000bn ($5.6bn) almost e quarter of the amount the Government is trying to cut from its budget deficit next year.

The measure was defeated not only because many coalition MPs did not attend the vote, but also because almost 30 MPs made use of the secret voting system to vota against their own government. The Government lost by 34 votes.

Though there has been an attempt to minimise the defeat, it bas sharply raised tensions within the governing five-party coalition, especially between the long-ruling Christian Democrats and the Socialists, since many of those who voted against the government are believed to be disgruntled Christian Democrats.

Yesterday, Sig Craxi, speaking to Journalists, said that if his coalition partners did not show more sense of responsibility "everything would become very precarious, very difficult and could even become insupportable"—a clear hint that be might decide to resign after little more than two months in office.

The Cabinet decided yesterday to re-present the amnesty provision to parliament in due course, aither as a decree that must be approved within 60 days, or as a Bill wbose approval would take longer. There is as yet no suggestion that the Government is planning additional ecooomic measures to make up for the revenoe that will be lost because of tha delay in getting amnesty back into operation.

Meanwhile the difficulty of the economic situatioln facing the Government has been emphasised with the announcement of another jump in the trade deficit. In August Italy had a deficit of Lire 1,391bn bringing the deficit for the first eight months of 1983 to Lire 8,213bn. However, the accumulater deficit is more than Lire 3,000bn lower than the Lire 11,594bn it reached in the equivalent period of 1982.

E. Europe to press Moscow on energy

By Leslie Colitt in East Berlin

EAST EUROPEAN countries will press tha Soviet Uniou to pay more for their agricultural exports and to guarantee long-term energy and raw materials supplies at the annual meeting of Comecon prime ministers which begins today in East Berlin. They will also discuss the long-delayed conference of Comecon's Communist party leadars which is not expected to take place until next year.

The food exporters—mainly Hungary, Bulgaria and Romania—argue that prices for agricultural products traded within Comecon have not risen in 10 years while prices for industrial products, energy and raw materials have soared. This, they say, has contributed to the marked deterioration in the terms of trade of the agricultural producers.

Romania, although importing fodder from the West, exports vegetables, fruit and wine to East Germany, Poland and the Soviet Union. Hungary sells considerable amounts of meat and fodder to the Soviet Union for dollars, an arrangement Moscow is anxious to changa to a transfarable rouble basis.

All the East Europeans want Moscow to guarantee the long-term supplies of oil, natural gas, iron ore and other raw materials. Moscow, in turn, wants them to invest far more heavily in the Soviet extracive industries but has been vague on long-term supply commitments, especially of oil.

It faces a decline in oil outpnt which remains its leading hard-currency export to the West.

The hard-pressed East Europeans say they do not have the capital to invest in such joint projects, especially if they are not based on a "businesslike" arrangement guaranteeing supplies.

East Germany feels itself particularly aggrieved as it is being deprived of Soviet prodncts being diverted to Poland and is not receiving planned daliveries of Polish raw materials and semi-manufactures.

Gromyko's stonewall defence defies Genscher assault

BY JAMES BUCHAN IN BONN

CHICKENS HAVE a way of coming home to roost although their run is rarely as luxurious as a gilt and mirrored apartment in the Soviet embassy in Vienna.

In this room, four years ago, Presidents Jimmy Carter and Leonid Brezhnev put the finishing touches to a strategie arms limitation treaty—Salt II—which ignored a new Soviet intermediate-range weapon known to Nato as the SS-20.

Last Saturday these same SS-20s, multiplied meanwbile from a few score to 369, were firmly ensconced on the tabla between Mr Andrei Gromyko, the Soviet Foreign Minister, and Herr Hans-Dietrich Genscher, his West German connterpart.

In eight hours of exceptionally tough talks, and another three at the nearby West German embassy next morning, Herr Genscher failed completely to get his host either to remove them or reduce their numbers in a manner satisfactory to the West.

At the same time, ha made clear to Mr Gromyko that if no agreement is reached by November 21 in Geneva at the U.S.-Soviet missiles talks, tha Bonn Government would make a declaration to Parliament, and deployment of the first batch of U.S. Pershing 2 missiles in the south of the country could begin the next day.

Demonstrators

Meanwhile, back at bome, West German police were using water cannons to disperse demonstrators from in front of a U.S. barracks in Bremerhaven who would desperately like to avoid deployment of yet more nuclear missiles on West German territory.

Herr Genscher needs publicity for his tiny Free Democrat Party and genuinely seems to like risks. But to go to Vienna to meet Mr Groyko at the start of the West German pesce movement's climatic week of demonstrations seemed breathtaking even for him.

Some Nato diplomats feared that Mr Gromyko would direct himself at West German public opinion while Herr Genscher might let the Western position stew in order to salvage something in West German relations with the East to show the people at home.

Herr Genscher entirely failed to budge Mr Gromyko from the old Soviat position that the West has no right to deploy new missiles in Europe because the British and French independent deterrents are adequate. But the Soviet side did accept a number of proposals for meetings and co-operation after deployment—"beyond the business of rockets" as one official put it.

This modest success, trumpeted in tha West German Press yesterday, is timely because it appeals to German vanity. Bonn could be acting as the only open channal in the general East-West freeze that may follow Western deployment. There is also a widespread public sense that bistory obliges West Germany to act as a conciliator.

Jumped in

However, et tha one point et which Mr Gromyko attempted to drive a wedge between West Germany and tha U.S., Herr Genscher jumped in. The early sessions consisted of very long declerations of known positions but when Mr Gromyko bitterly attacked the U.S. for its latest set of missile proposals, Herr Genscher "could not let it stand," according to e Bonn official. Instead, ha explained at length that tbe proposals were worked out by the allies as a whole, witb West Germany very mnch involved.

Mr Gromyko apparently made no serious attempt to heat up the demonstrations in West Germany either with a clear threat to break off the missiles telks or e plausible bnt spurious flexibility.

Nor has the Soviet side yet quarrelled with the West German version of tha talks, although the question of a Gromyko news conference was held open until after Herr Genscher had spoken to reporters and left Vienna.

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EUROPEAN NEWS

W. German deficit on 'invisibles' narrowing

BY JOHN DAVIES IN FRANKFURT

WEST GERMANY appears to be heading this year for a smaller deficit on "invisible" items in its balance of payments current account, partly because holidaymakers are continuing to be thrifty abroad.

The Bundesbank, the central bank, said in its monthly report yesterday that the decline would be the first since 1978.

It predicted, however, that the deficit would grow again as economic recovery boosted the insurance and freight bill for imports and as Germans spent more freely on holidays.

West Germany traditionally runs a high deficit on "invisibles," offsetting much of its surplus on trade in goods. Including freight and insurance, the deficit last year was DM 55.7bn ($21.3bn) slightly more than in 1981.

But in the first eight months of this year, the deficit was down to DM 35.9bn, compared with DM 41.8bn a year ago.

Nearly half last year's deficit was because of travel. West Germans spent DM 39.6bn abroad, while foreign tourists spent DM 13.4bn in Germany.

The Bundesbank – which obviously has its finger on the pulse as well as the purse-strings of Germans – said that people were not willing to give up holidays abroad. But they have been taking foreign holidays closer to home and spending less freely.

It described the West Germans as the world's most "travel-happy" people, but even so, their spending abroad has risen little since 1980.

The Bundesbank said that another factor reducing the "invisibles" deficit was the favourable trend in interest rates and dividends. While West Germany had a net deficit of DM 3.7bn in such payments in the first eight months of last year, there was a small DM 300m surplus so far this year.

The central bank said that transfer payments to the European Economic Community (EEC) were a steadily rising charge.

On the other hand, transfers abroad from foreign workers were fairly stable.

Union test in social security funds vote

By Our Paris Correspondent

COMMUNIST and Socialist unions favourable to the French Government are expected to lose ground in elections tomorrow that provide an important test of the strength of the rival unions.

Some 30m people are eligible to vote in elections to nominate new representatives to the local councils that in principle administer some FFr 600m in social security funds. Only the five major unions can put up candidates—though only one Frenchman in five is a union member—which means that the elections provide a yardstick of each union's popularity.

The elections have been given a strong political character by the appeals made by M Jacques Chirac, the Mayor of Paris and other leaders on the right, for voters to support the unions most critical of the government.

These are the increasingly militant Force Ouvriere, which appeals to blue collar workers, and the CGC and CFTC, who represent salaried staff and managers.

For the government the elections are important in that serious setbacks by the pro-Socialist CFDT union and the Communist led CGT would make it more difficult to win their acquiescence for wage moderation and industrial restructuring that entails substantial redundancies.

The outcome of the elections will also influence the reforms of the social security system that the Government has now under study. M Pierre Beregovoy, the Minister for Social Affairs, has summoned a meeting of employers and unions for late November to discuss the future financing of the system.

The Left is looking to turn the tide by 1986, writes **David Housego**

French eyes focus on poll horizon

THE FRENCH Left would be badly defeated if a general election was held today. This continuing shift to the Right seen in recent municipal and cantonal elections was underlined Sunday by a neo-Gaullist's victory in a municipal election at Antony, near Paris.

The most recent public opinion polls show that only 32 per cent of those questioned still have confidence in the President—a score which is roughly the equivalent of hard core Communist and Socialist support.

Senior Socialist officials see little hope of an improvement over the next 15 months as the government rides out the consequences of its austerity measures in terms of falling industrial production and rising unemployment. Privately they are resigned to heavy losses in next summer's European elections.

But all this is tolerable to party leaders if they can reverse the trend in time for the legislative elections in 1986. If the Left can win those — or at least come close to a majority — then it believes it has a chance of establishing itself as a long-term party of government and of winning the Presidential election in 1988.

But if it should lose badly then there will be a conflict between a right-wing dominated National Assembly and a Socialist President that will test the institutions of the 5th Republic to straining point. Socialist leaders also believe that if they lose in 1986 they stand little chance of winning in 1988.

Thus, though the legislative elections are still two and a half years off, it is no exaggeration to say that they provide the focus of all President Mitterrand's present thinking over the management of the economy and the timing of a change of prime minister.

Their importance also explains the significance of what otherwise might seem to many outsiders as an arcane debate

M Mitterrand: inspiring less confidence

within the opposition over "cohabitation"—the issue that has brought M Raymond Barre, the former Prime Minister, and M Jacques Chirac, the Mayor of Paris and the neo-Gaullist leader, into conflict over whether there can be a compromise between a right wing National Assembly and a Socialist President after 1986, or whether President Mitterrand should resign.

M Mitterrand's recent decision to fill two junior ministerial vacancies without a cabinet reshuffle reveals that the main axis of his strategy is now falling into place.

The new nominations are seen in Government circles as indicating that the President has now decided to keep on M Pierre Mauroy, the Prime Minister, until after the European elections in June even though he is now seen as an electoral liability.

Two factors justify this. The first is that M Mitterrand does not want to use up the credit of a new Prime Minister at a time when the Left's popularity is at its lowest ebb. The second is that M Mauroy is an acceptable Prime Minister to the Communists, the junior partners in the coalition.

On the simplest electoral arithmetic, it is now clear that an enfeebled Socialist Party cannot do without the Communists if the Left is to stand any chance of achieving a majority in 1986.

These factors point, according to senior Socialists, to a change of Prime Ministers after the European elections but in time for the newcomer to stamp his mark on the 1985 budget. This is the budget which will provide the economic framework for the run up to the 1985 legislative elections. In a nutshell the next few months provide the only period when the Government can afford to risk the large labour redundancies that will have to accompany major industrial restructuring.

There are already plenty of clues as to what M Mitterrand believes should be the shape of the Budget and of economic policy in 1985. He told the cabinet recently that it was not a decline in inflation or the trade deficit that would really impress the electorate but a decline in taxation. Hence his recent public pledge on television that in the 1985 budget the ratio of tax and social security payments to GNP would be reduced from its present peak of around 45 per cent by 1 percentage point. That pledge cannot be redeemed without lower taxes or higher growth or both.

However, there are a good many senior Socialists who are warning that reflation in 1985 will carry the risks of renewed inflation, a widening trade deficit and fresh pressure on the franc. Their argument is that the Government should face the legislative elections on a platform of bringing down inflation and restoring the current account balance. Whatever the outcome, the important factor for M Mitterrand and his advisers is that they cannot afford to lose in 1986.

It is at this point that the debate within the opposition over "cohabitation" becomes important because right and centrist parties are now convinced that they will win in 1986. The question thus is whether a right and centrist majority in the National Assembly should try to govern hand in hand with M Mitterrand, or whether they should seek his resignation. On this issue the opposition leaders are divided.

M Raymond Barre says there can be no compromise with a Socialist programme and that M Mitterrand must "draw the lessons" of the left's defeat. For M Barre a two year tussle between the National Assembly and the Presidency would be disastrous for the economy and would effectively plunge France into a three-year electoral limbo from 1985-88.

M Barre also knows that since he has no party he himself could never lead the opposition in the National Assembly after 1986 and, as the Prime Minister most attacked by the left, he would never be called on by M Mitterrand to form a coalition government. With his own eyes now on the Presidency, M Barre believes he has most to gain from projecting himself as an uncompromising opponent of socialism.

Surprisingly it has been the more Right-wing M Chirac who has said that an "agreement" with M Mitterrand would be possible after 1986. But playing the role of moderate suits M Chirac's book at the moment because he is in danger of losing nation-wide middle-of-the-road support as militants in his neo-Gaullist RPR push the party further to the Right. As leader of the largest opposition group, M Chirac would also expect to have a national role in leading an opposition majority in the National Assembly after 1986 and — even conceivably—to be asked by M Mitterrand to form a government. M Chirac thus sees his own Presidential ambitions as well served by advocating compromise now.

Gunmen jeopardise stumbling peace efforts in Lebanon

BY NORA BOUSTANY IN BEIRUT

GUNMEN IN the underprivileged slums south-east of Beirut have again jeopardised the stumbling peace process by killing and wounding U.S. marines stationed there.

In only three days, two U.S. marines from the 1,600-man contingent serving with the multinational force in Beirut were killed by sniper fire in a growing pattern of assaults against their positions.

Colonel Tim Geraghty, the commander of the marines in Lebanon, charged that newly arrived infiltrators into the poor Shia Moslem suburb of Hjay al Sullom, overlooking marine positions on the airport perimeter, were responsible for the violence. Eight marines have been wounded since last Thursday.

"There have been elements coming through this area that we have been watching and they are obviously in town now," he told a press conference yesterday. No-one has been able to pinpoint who are the assailants. The leader of the Shia militia group Amal, Mr Nabih Berri, denied responsibility for the incidents and said that "evil fingers and a fourth party" were trying to carry out a "plot against us and the marines." Amal is largely in control of the outskirts south-east of the capital. However, it was suggested that the trouble was instigated by factions which stand to lose from stability as the Lebanese Government inches its way towards a national dialogue on power-sharing.

Colonel Geraghty blamed "elements operating here within the Beirut area that are obviously against the peacekeeping process and the national reconciliation that the Government of Lebanon is trying to get on track." The U.S. marine commander noted that his men had run hundreds of patrols with no harassment through Amal neighbourhoods. He added that Mr Berri had expressed his condolences to the marines and stressed that his men were not involved.

"Given the misery and deprivation of the impoverished residents in the suburbs, it would not be too difficult for any party to recruit from or use disgruntled Shia Moslems for its aims," said one western diplomat based in Beirut, in trying to explain who may be behind the escalation against the marines.

Fundamentalists from the Iranian-inspired Hizbullah (Party of God) and communist activists have been mentioned as possible infiltrators into the Hay al Sullom area.

Rangoon blames Korean terrorists

RANGOON – Burma announced yesterday that three "Korean terrorists" were responsible for the powerful bomb explosion on October 9, that killed 17 South Koreans, including four Cabinet ministers and a number of other senior Government officials.

The Government refused to say whether the assailants were from North or South Korea, and added that the investigation into the blast at the Martyr's Mausoleum in Rangoon was continuing.

A preliminary South Korean investigation report carried out in Rangoon last week concluded that North Korean commandos planted three bombs – two of which went off – at the mausoleum in order to wipe out the Administration of South Korean President Chun Doo Hwan. He escaped possible death by five minutes. North Korea has denied involvement in the attack. A Government announcement said three terrorists captured by Burmese police on October 10 and 11 belonged to the same group as that held responsible for the blast.

AP

South Africa in raid on Maputo

BY BERNARD SIMON IN JOHANNESBURG

SOUTH AFRICAN forces yesterday raided offices of the black nationalist movement, the African National Congress (ANC), in Maputo, the Mozambican capital.

The ettack was conducted by a small group of soldiers egainst an ANC planning centre located in an apartment block elose to President Samora Machel's suburban residence, the South Africa Defence Force said.

The South Africans' version was generally confirmed by the Mozambican Government and the ANC. In a statement from its Lusaka headquarters, the ANC said that some of its members were boused in the block of flats. According to the Mozambican news agency, AIM, five people were injured in the attack.

The Sontb African defence minister, Gen Magnus Malan, linked the raid to an attsck by ANC saboteurs last week on a fuel depot in the northern Transvaal town of Warmbaths.

He said that "it is known that for a long time the ANC has been planning a further series of terror ections in South Africa. Some of these attacks were planned at this office. It is also known that large numbers of trained terrorists were processed here in the last few weeks.

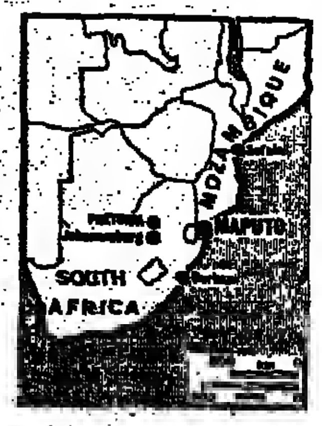
South African jets strafed a Maputo residential area last May within days of a bomb blast in central Pretoria which claimed 19 lives. In January 1981, South African troops attacked three houses on the outskirts of Maputo which Pretoria said were being used by the ANC.

The apparently small scale of the latest ettack seems to indicate that the South Africans' motive was not solely to destroy ANC installations.

The government elmost certainly has one eye on its domestic audience before next month's referendum on its constitutional proposals. The far-right Conservative Party, which frequently criticises the Government's ties with black African states, has applauded the Maputo raid.

Significantly, the biggest military parade in 40 years was held in Pretoria last Saturday for no specific reason other than to "honour" the country's president. More than 3,000 trops and a wide range of military hardware took part in the mile-long procession.

South African pressure on Mozambique has recently prompted the ANC to move many of its men from the Maputo area to camps in the



northern part of the country.

There is speculation that yesterday's raiding party may have been en assassination squad hoping to kill ANC leaders living in or visiting the apartment block.

Mozambique President arrives in London tomorrow

BY QUENTIN PEEL, AFRICA EDITOR

PRESIDENT Samora Machel of Mozambique arrives in London tomorrow on the final stage of a six-nation European tour designed both to expand aid and trade links with the West, and to seek international backing to dissuade South Africa from actively destebilising his government.

The Mozambique head of state, who arrived in Paris yesterday from Yugoslavia, is interested not only in increased economic links, but also in military training and supplies of military equipment. Neither have been ruled out in European capitals, in spite of his country's existing friendsbip treety with the Soviet Union.

President Machel's plea for greater Western pressure to restrain South Africa was emphasised by yesterday's commando-style raid on offices of the exiled African National Congress in Maputo, the Mozambique capital. The raid was immediately condemned by the British, French and Portuguese governments, in terms generally deploring any violence.

Mozambique accuses Soutb Africa not only of overt cross-border raids on suspected ANC targets, but also of covert support and supplying the Mozambique National Resistence (MNR), which is seeking to overthrow the present Frelimo government.

MNR guerrillas have been responsible for the repeated sabotage of both the country's major railway lines, as well as roads, bridges and power lines.

Although there is sympathy for Mozambique's plight, and tacit Western acceptance of its claims (which have been publicly backed by the U.S. State Department, although not by the British Government), that has not resulted in any formal pressure on South Africa.

The British Government's position remains that "violence in both directions" is condemned, but that British influence on the South African government is limited.

Mozambican officials insist that the present European tour —to Belgium, the Netherlands end Portugal, es well as Britain, France and Yugoslavia — is intended primarily to emphasise the country's independent foreign policy, despite its official Marxist ideology. They dispute the Western interpretation thet it indicates a shift away from tbe Soviet Union and its allies.

However, the desire to promote Western trade and investment is motivated by two fectors: the limited extent of economic assistance from the Soviet bloc; and the belief that increased Western interest will result in greater sympathy in the struggle with South Africa.

The President said his Government was studying the structures and mechanisms of the International Monetary Fund (IMF) to see if it was in Mozambique's interest to join the fund. He described his Government's current talks with the U.S. as "a frank and open dialogue" and suggested that U.S. technology could help lennch several development projects in Mozambique.

Death threats to Indian leaders

BY K. K. SHARMA IN NEW DELHI

AS BOMB and grenade attacks on Hindu temples and public places in the troubled state of Punjeb continued yesterday, notes threatening to kill Indian leaders were found by police in Chandigarh, the state capital, if any attempts were made by law enforcement agencies ts enter tbe Golden Temple in the holy city of Amritsar.

This is taken as evidence by the Government that Sikh extremists are responsible for the increasing number of bomb and grenade explosions in Punjab and Haryana states and in New Delhi. These have led to the loss of several lives and forced the Indian Government to take over tbe administration of Punjab which has been declared a "disturbed area."

The notes found yesterday were near places wbere unexploded grenades were discovered. They gave a warning against attempts by police to enter the Golden Temple wbere several extremists are thought to have found sanctuary. Their leeder is suspected to be the militant Sant Jarnail Singh Bhindranwale whom police have been unable to arrest on murder charges because bs has not left the tmple for more than a year.

The question of using special powers to enter the Golden Temple, which is tbe headquarters of the Sikb movement, is being discussed. Mrs Indira Gandhi said et the weekend that this would not be done. However, the police and army believe special powers already granted could be used if the situation worsens.

In yesterday's grenade attacks, two police officers were killed and many otbers were injured. The authorities have tightened security measures in Punjab towns wbere tension between the Sikhs and Hindus is increasing.

Sikh leaders in Amritsar yesterday accused Mrs Gandhi of trying to put the blame for the violence in Punjab on their community by holding the extremists responsible for the bomb attacks. Although they resented this, the notes found yesterday suggest that the extremists seeking secession of Punjab from the Indien Union are responsible for the violence.

ADB set to approve Delhi loan application

BY EMILIA TAGAZA IN MANILA

INDIA'S loan application with the Asian Develspment Bank (ADB), which was first presented in 1981, is set to be approved next year. India had wanted to borrow $2bn spread over a five-year period, but its application has not been acted upon because of severe constraints on ADB's lending resources.

ADB president Mr Masao Fujioka said that India can start borrowing from the bank toward the end of next year. "We acknowledge India's right and need to borrow from us, but we can lend them only a modest amount," he said.

Mr Fujioka said that ADB cannot meet the full amount that India wanted to borrow because it will deprive many of the existing borrowers from the bank's developing member-countries.

In its 1981 loan application, India had given energy and power projects the highest priority for funding; followed by railways projects. ADB deferred the decision to lend to India until it completed the replenishment of its capital resources, which was increased this year by 105 per cent to $16bn.

Meanwhile, ADB also plans to introduce a new facility roughly equivalent to the International Monetary Fund's (IMF) standby facility which helps member-countries with balance of payments deficits. Mr Fujioka said that the facility is to be called supplementary financing facility and will finance the cost overruns of existing projects that ADB has funded.

Australian mines council criticises aboriginal law

BY COLIN CHAPMAN IN SYDNEY

THE AUSTRALIAN mining industry yesterday expressed concern over the national debate on aboriginel rights and claimed that 12.5 per cent of the country's territory was either designated as eboriginal land or under claim as such. This was equal to the size of the state of South Australia or four times the size of Victoria.

"Legislation has invariably had the effect of discouraging mineral activity on aboriginal land," said tbe Australian Mining Industry Council in its submission to the West Australian Government's inquiry into aboriginal land rights.

The council argued that ownership of minerals beneath aboriginal land should remain with the Crown and that eborigines should not bave the power of veto over exploration or development.

Instead, argued the council, there should be government supervision and mining company adherence to a strict code of conduct for the exploration and mining.

The council said that negotiations between aboriginal land bolders end mining companies should be confined to compensation for surface disturbance, and that compensation for "spiritual disturbance" should be a matter for the Government acting on behalf of the whole community.

The council's submission is one of 300 in the first major investigation of aboriginal land rights since the Justice Woodward inquiry in the 1970s.

● The National Government announced yesterday that it plans to press ahead with legislation to regulate the activities of insurance brokers and agents. Mr Paul Keating, the treasurer, said the legislation would provide financial and other safeguards for members of the public in their dealings with the insurance industry. The legislation is likely to be introduced in Parliament early next year.

AMERICAN NEWS

THE NICARAGUAN CONFLICT

Rebels step up fuel-supply attacks

BY TIM COANE IN MANAGUA

ATTACKS by anti-goverment rebels in Nicaragua against economic targets, especially fuel supplies, have inflicted significant damage and raised the four-year-old conflict to a critical point.

This has provoked a sharp response by the Sandinista government in Nicaragua with well-publicised statements that the country has requested arms from friendly countries to "defend Nicaragua's shores and airspace."

The increase in attacks against sensitive economic targets during the past three weeks marks a change in strategy by the U.S.-backed rebels, or "contra" forces, who have failed to erode popular support for the Sandinistas or make significant military gains on the ground.

The latest assessment here of last Monday's attack on fuel tanks and installations at the port of Corinto by "contra" guerrillas suggests that the damage was serious but could have been worse.

The attack destroyed diesel storage tanks but left unaffected vital gasolene and aviation fuel. If the latter had been hit, crop-dusting activity by light aircraft on Nicaragua's cotton crop would have had to be abandoned. Cotton is Nicaragua's second biggest export. Nevertheless, the attack has led to a further tightening of petrol rationing in order to divert limited supplies to the armed forces. Reports from the U.S. that only one month's petrol supplies remained in the country could not be confirmed here. But there has never been any attempt to deny Nicaragua's economic vulnerability to such attacks.

The attacks against Nicaraguan fuel supplies have provoked a suspension in the supply of Mexican crude to the country's sole refinery run by Esso.

The most crucial time of the year in Nicaragua's economy is approaching—the coffee harvest. It generates around 80 per cent of the country's export earnings and every year since the 1979 revolution, tens of thousands of eager slogan-chanting students and youths enrol in voluntary work brigades to pick the coffee crop.

Last year a record crop was brought in. However, vehicles are in short supply, spares are scarce due to the critical foreign exchange situation, and so far only 200 of the 700 vehicles needed to transport all the coffee-pickers to the mountains have been mobilised, although more are expected to be available in the coming weeks.

Despite its implacable opposition to the Sandinistas, the well-organised private sector which still controls the greater share

Sr Daniel Ortega Saavedra, co-ordinator of Nicaragua's 3-man junta

of the economy is getting increasingly uneasy about the financial losses it faces if the strategy of hitting key economic targets continues. Sr Enrique Bolanos, the chief representative of the Nicaraguan private sector, apparently told Dr Henry Kissinger in private talks during his visit to Nicaragua on Saturday that they were not in favour of the sabotage attacks. "The U.S. should be exporting democracy," he told a local reporter.

Sr Alejandro Bendania, Harvard-educated director of multilateral relations in Nicaragua's Foreign Ministry, and one of the "think tank" that formulates the country's foreign policy, says that the Reagan Administration wishes to see "the complete destruction of the Nicaraguan revolution.

He points to the U.S. troop build-up in Honduras, and says that the U.S. "is working furiously" to justify the sending of U.S. troops to Costa Rica.

A U.S. naval construction team is already working in northern Costa Rica. "They want to encircle us on both frontiers and in both oceans," Sr Bendania said.

Sr Daniel Ortega, head of the Nicaraguan Government junta, said on Friday that Nicaragua was now formally requesting arms from a number of governments to "defend Nicaragua's shores and air space."

After Dr Kissinger's brief visit to Nicaragua on Saturday Sr Ortega said: "We are not despairing of peace. . . . But we are facing a situation of war, and that's the reality."

But meanwhile, Nicaragua is now bracing itself for what will probably be the heaviest military offensive and most critical moment in its four-year-old revolution.

Brazil opposition in wage-law truce

BY ANDREW WHITLEY IN RIO DE JANEIRO

BRAZIL'S powerful opposition parties, long opposed to any dealings with the Government over the foreign debt crisis, have agreed to a temporary, informal truce in the Federal Congress, on the eve of the scheduled vote on the country's controversial new wage limitation law.

In return for their co-operation in not defeating the salary law in Congress—which would precipitate a fresh crisis in relations between Brazil and the International Monetary Fund—the opposition parties are seeking a greater say in the shaping of economic policy, as well as far-reaching political concessions from President Joao Figueiredo.

Over the weekend, eight opposition state governors, meeting in the border town of Foz do Iguacu, signed a declaration calling for direct presidential elections as the only way out of the national crisis.

President Figueiredo's successor is, under present rules, due to be selected by an Electoral College dominated by government supporters in January, 1985.

The opposition governors also called on the Federal Government in Brasilia to implement a series of changes to improve the parlous financial situation of state administration.

While President Figueiredo cannot ignore the continuing pressure from the opposition for participation in decision-making, his immediate concern is the successful passage into law of measures to help the country meet the targets in its IMFs' austerity programme. For this the coming week will be crucial.

Voting on Decree-Law 2045—the salary law announced by the President in July at a critical moment in negotiations with the IMF—has been put off at least until Thursday.

This is to allow time for negotiations between the opposition and government parties on one side, and between the politicians and government Ministers on the other, on alternative measures to reach a conclusion.

However, the price that the opposition parties, led by the Partido do Movimento Democratico Brasiliero, a coalition of centrist and left-wing factions, is demanding, may be too much for the President. Gen Figueiredo is also under pressure from within his own party to change the direction of economic policy.

White House move on speeches

BY STEWART FLEMING IN WASHINGTON

THE WHITE HOUSE has moved to tighten up control on speeches by officials responsible for economic affairs following an embarrassing disagreement last month between Mr Donald Regan, Treasury Secretary, and Mr Martin Feldstein, chairman of the Council of Economic Advisers, who clashed publicly on the impact which huge budget deficits have on the economy and interest rates.

The dispute has rumbled on in recent weeks with Mr Feldstein making it clear that in his view, Federal Budget deficits, which many economic forecasts say could remain around the $200bn level for the next three years, are contributing to the high level of real interest rates and are a serious threat to balanced economic growth.

Mr Regan has claimed that budget deficits are not forcing up interest rates. He has also taken a more optimistic line on the outlook predicting earlier this month that the deficit could fall to "the area of" $100bn by 1985.

The White House move to vet economic speeches prior to delivery is widely interpreted as aimed in part at muzzling Mr Feldstein.

It has been accompanied by leaks from White House staff disclosing that the President is no longer sending his speeches on fiscal policy to Mr Feldstein for comment, and hinting that Mr Feldstein has been put under pressure to alter his speeches to conform with the White House view of the budget deficit issue which more nearly approximates to Mr Reagan's.

The sharp White House reaction to the budget deficit debate is rooted in political calculations. The Administration is all too well aware that it is in the area of budget policy that its economic perfomance is most vulnerable to attack

Mass turnout by Peronists

By Jimmy Burns in Buenos Aires

THOUSANDS OF supporters of the Peronist Party, Argentina's major political grouping, last night converged on the capital's huge Velez Stadium in the biggest rally so far of the election campaign.

With just under two weeks to go before polling day, yesterday's mass turnout was the first impressive show of strength by the Peronists since their disastrously divisive party convention last month.

However, local opinion polls have continued to produce a confused picture.

McDonnell-Douglas output threatened by pay row

BY TERRY DODSWORTH IN NEW YORK

COMMERCIAL airline production at McDonnell-Douglas, the U.S. aircraft manufacturer, is threatened with virtual closure over the next few days following the walkout of 7,000 members of the United Auto Workers Union over a pay dispute.

Rejecting the company's proposals yesterday, Mr Owen Bieber, president of the UAW, said they would "move us back into the dark ages." His attitude was endorsed unanimously by the union negotiators, who have been talking since early August, and pickets were immediately installed at the plants involved in the discussions.

McDonnell has not so far issued details of the wage proposals. But they are based closely on a recent agreement reached at Boeing, the leading U.S. aircraft producer.

Boeing's deal, signed with the International Association of Machinists and Aerospace Workers, adopts a radically new approach to wages in the industry, with the aim of restoring differentials between skilled and unskilled workers, while pushing down rates at the lower end of the scale.

McDonnell said yesterday that its proposals had been tied to the company's economic circumstances, which were particularly difficult in the commercial aircraft department.

Reagan says he may delay his re-election declaration

BY REGINALD DALE, U.S. EDITOR, IN WASHINGTON

PRESIDENT Ronald Reagan became a legal candidate for re-election yesterday, but said that he might not finally announce his intentions until the beginning of next year.

Mr Reagan signed a letter to the Federal Elections Commission setting up a "Reagan-Bush" campaign committee, which can now start fund-raising and other political activities on his behalf.

The committee plans to spend $21m during the spring primaries—even though Republican opposition to Mr Reagan, if he runs, will be negligible.

Mr Paul Laxalt, the Republican Party general chairman, said that Mr Reagan's resolve to run again had increased over the past two or three years. One term in the White House was too short for Mr Reagan to make all the changes he wanted, he said.

NOBEL PRIZE FOR ECONOMICS

Man who proved what others thought they knew

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

MR GERARD DEBREU, who was yesterday awarded the Nobel Prize for Economics, was one of three economists associated together in the 1950s and 1960s with the mathematical theory of the market economy.

The other two are: the Nobel laureate, Professor Kenneth Arrow, of Chicago University; and the British economist, Professor Frank Hahn, of Cambridge University.

Their work has related to the much-debated question of how the "invisible hand" guides market economies, and whether it really promotes the general good through the interaction of a myriad of self-interested actions by individuals.

This work springs ultimately from that of Adam Smith, in the 17th century, whose work, The Wealth of Nations, was the foundation for thinking about the working of the market economy.

Mr Gerard Debreu

However, Mr Debreu's work is in more direct descent from that of the French 19th century economist Leon Walras who first used Mathematical techniques to investigate the interlinking effects of supply and demand in the army overlapping markets in a modern economy.

The general presumption of economists up to the middle of this century was that, provided markets were allowed to work efficiently, they would eventually allow unique prices to be established and these would be consistent with each other as well as with the balancing forces of supply and demand.

Mr Debreu subjected this rather general conceptual framework to a rigorous mathematical treatment with the aim of discovering whether, in an ideal world, the laissez-faire economy would work as assumed.

His contribution to economic thought was to establish, within the limits of his mathematical assumptions, that the market economy could indeed achieve stability with a unique set of prices.

However, he also showed that the conditions for this to happen, even when the markets were operating efficiently, were considerably more stringent than had often been believed.

As one distinguished British economist put it: "On a simple level, Debreu's work proved what economists thought they always knew."

However at a more sophisticated mathematical level, he showed "that the theory of the market economy was not as general as people might have thought."

The general importance of Debreu's work is thought to be more in the questions he raises about laissez-faire policies than in his vindication of the theoretical basis of such an economy.

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WORLD TRADE NEWS

EEC probes alleged price fixing by chemical companies

BY CARLA RAPOPORT

LEADING chemical companies throughout Europe are under investigation by the European Commission for alleged price fixing.

The major European producers of polypropylene — a versatile plastic used for a variety of industrial and domestic applications — confirmed yesterday that Commission officials have visited their offices as part of the investigation.

The companies under investigation include Shell International Chemical, a division of Royal/Dutch Shell; Imperial Chemical Industries and BP Chemicals of the UK; Hoechst and Chemische Werke Huels of West Germany; and Himont, a newly-formed petrochemical joint venture between Montedison of Italy and Hercules of the U.S.

If found guilty of price-fixing, these companies could be liable to fines as high as 10 per cent of their turnover in the product.

The companies all refused to comment on the investigation, as did Commission officials, except to confirm that it was taking place. The Commission expects the investigation to take several weeks to complete.

It is understood, however, that chemical companies will fiercely defend themselves against the charges. "If there is any collusion, it seems to be one of agreeing to lose money. I don't think any of the companies named are making money in polypropylene," said one chemical company executive yesterday.

All the major commodity plastics have been hard hit in recent years due to heavy overcapacity within the industry and shrinking demand worldwide. The pictures for polypropylene, however, has been a bit brighter in recent months because of a slight pick-up in demand, re-stocking and higher exports for European producers.

This improvement has led to an approximate 10 per cent increase in polypropylene prices this autumn, which unlike several previous attempts, have apparently held. Currently at DM 2 per kilo, chemical companies reckon another 30 pfennigs is necessary on the price to return the business to profits.

NEI near to ending row over Indian power station

BY PETER BRUCE

NORTHERN ENGINEERING Industries (NEI) and India's National Thermal Power Corporation (NTPC), appear to have settled a series of disputes threatening completion of the £230m Rihand power station project that NEI is leading in Uttar Pradesh.

Senior NEI and NTPC executives have held talks in London and Newcastle since October 5 and yesterday issued a joint statement saying the talks had resulted in "decisions and agreements to secure the timely completion" of the 1,000 Mw station. NEI is some three months behind on the contract, which was signed in September last year.

Mr A. K. Sah, chairman and managing director of the NTPC and Sir Duncan McDonald, chairman of NEI, said they were satisfied with the outcome of the UK talks.

No details of the new agreements were made available, but it is known that the two sides have, until now at least, failed to agree on methods of vetting design specifications, manufacturing processes, quality assurances and delivery schedules. There was also disagreement about the executive level at which disputes between the two should be resolved.

● India's engineering exports may reach Rs14.5bn (£940m) in fiscal 1984 ending in March, up from Rs12.5bn the previous year, despite continuing world recession, Reuter reports from Bombay.

Indian companies are at present engaged as contractors and consultants for about 200 industrial ventures in more than 40 countries.

ELECTRONIC SYSTEMS COULD SPEED PROCEDURES AND CUT COSTS

Taking the paper out of export payments

BY MICHAEL ROWE

ELECTRONIC processing of trade payments may one day speed procedures and cut costs on export sales.

When payment is on letter of credit or collection terms, documents including bills of lading, invoices, insurance notes, inspection certificates and attestations of origin are channelled through the banks.

The issuing or confirming bank under a letter of credit undertakes to pay the seller if he presents documents that tally with the credit terms. The buyer then has to reimburse the bank but only if the documents are in order.

New York bankers reckon it costs them at least $75 to inspect the simplest set of documents. One of their London counterparts recently suggested that many banks make a loss every time they pay out on a credit of less than £50,000.

"The only document our letter of credit people really need to see is the bill of lading or other document of carriage," argues Mr Bill Knight, correspondent banking expert with Grindlays, the London merchant bank. "This document is the key to control of the goods, and that's what the bank wants when it advances funds."

Mr Knight reckons that much of the paperwork could be eliminated if carriers standardised conditions of transport and sent key shipment details electronically to the paying bank. That bank would then send a telex or computer confirmation to the foreign issuing bank. The seller would send all other documents direct to the buyer, and certify to the bank that he had done so.

A similar technique might speed up documentary collections—a procedure under which the seller's bank sends the documents to a bank in the buyer's country with instructions to collect the price from the buyer. Mr Arnold Jedlov, a Swedish banker, suggested at a recent seminar in London that the transport details could be communicated electronically instead.

"Collections worked well in the 1930s when ships were slow and mails were fast, but nowadays it's the other way round," comments one banker. "The goods often arrive before the documents, and the whole system collapses."

Could such schemes be put into practice?

"Technically, a workable system could be set up today," reckons Mr Laurence Ainsworth of Geisco, a British arm of General Electric of the U.S. The carrier and the bank would be linked through a centralised or local database. This would include a registry of carriers admitted to the system. Inter-bank communications could be effected through the same system or through existing networks such as Swift—Society for Worldwide Interbank Financial Telecommunications, a Brussels-based company owned by the banks.

Elimination of paper documentation might also make life more difficult for letter-of-credit fraudsters. In one case a Bangkok trader got away with $6m by presenting phoney papers for a non-existent cargo under a sales contract with the Somali Government. Electronic systems can also be manipulated but greater sophistication is needed.

The main problems are not technological. Trade payments are a static market at the moment, and no-one is rushing to invest in new systems.

> "Collections worked well in the 1930s when ships were slow and the mails were fast, but now . . . the goods often arrive before the documents and the whole system collapses"

M André Boudinot of Crédit Lyonnais in Paris points out that the documentary credit performs two functions: it provides payment for the seller and a degree of security for the buyer. The second element is missing, or reduced, if documents are no longer presented to the bank.

Certain documents may be essential for the import of the goods. Nigerian authorities, for example, require an inspection certificate issued in the port of loading; without this funds will not be released and the buyer cannot take delivery.

Traditional payment methods are clearly defined by national laws and international practice. For instance, in letter of credit operations judges have built up an impressive body of case law dealing with the responsibilties of banks, and the standard banking practice is set out in a code drawn up by the Paris-based International Chamber of Commerce.

Computerised payment procedures, however, operate largely in a legal vacuum. Some fear this uncertainty could hinder the development of new systems.

For example, a maritime bill of lading can be endorsed to a bank as security for its advance of funds under a letter of credit. It is unclear how far an electronic alternative could provide equal security.

Some attempts are being made to attack these difficulties, though so far there is no overall co-ordination. A 1978 Convention on sea transport—not yet in force—provides that signatures produced electronically on bills of lading are to be accepted, but only if this does not conflict with mandatory provisions of the relevant national law.

Legislation aimed at controlling transborder data flows and protecting public telecommunications monopolies could also one day develop into a threat to computer-based payment systems. France, for instance, has been talking about taxing data and introducing a worldwide communications charter. The question is also being examined by the Organisation for Economic Co-operation and Development.

Whatever the doubts, the trend is towards more automation and less paper work.

Citibank and Chase Manhattan are both working on plans to allow customers to key their credit instructions into the bank's computer from their own offices.

"A company in Europe will be able to send its instructions direct to one of our Far East offices," explains Mr David Hexter, of Citibank, in London. "The correspondent relationship is cut out altogether."

The computer will also tell customers the up-to-date situation on their letter of credit and collection operations.

Companies can already feed messages into the Swift network if their bank is a member and they have access to the bank's computer. "So far as we are concerned, the message comes from the bank, and not the customer," explains Mr Carl Reuterskiöld, general manager. "We are owned by the banks, and our job is to service them."

Some experts reckon the greatest potential is in South-East Asia and parts of South America. Paradoxically, some of the poorer countries have such poor internal communications that development of advanced networks might be the best hope for developing their own domestic banking systems.

Mr Michael Rowe is a solicitor with the International Chamber of Commerce, the Paris-based trade organisation.

Third World trade boost 'could help growth rate'

GENEVA—Increased trade between developing countries could boost their annual economic growth rates from 3.7 per cent to 4.8 per cent during the next eight years, said a UN report released yesterday.

Excluding mineral fuels, trade among developing countries rose on average by 26.7 per cent a year from 1970 to 1975, but the rate fell to 20.6 per cent a year between 1975 and 1980.

In a review of economic co-operation between developing countries the Geneva-based UN Conference on Trade and Development (Unctad) examines how the slackening of growth in trade among Third World countries can be reversed and economic growth rates increased.

The report predicts that if developing countries rely on growth in western economies, put at 2.7 per cent a year during the rest of the decade, to stimulate growth at home, their own economies will grow by only 3.7 per cent a year.

In parts of Latin America and Africa such low growth rates will result in stagnating or falling per capita incomes, says the report.

Trade among developing countries and economic growth would be stimulated by a global system of trade preferences, the UN body said in the report.

AP

Benelux agrees to single document at borders

BY OUR BRUSSELS STAFF

THE BENELUX countries have taken a decisive step to ease mutual trade by simplifying border formalities.

Their Foreign Ministers—Mr Leo Tindemans of Belgium, Mr Hans Van Den Broek of the Netherlands and Mrs Collette Flesch of Luxembourg—yesterday agreed at a meeting in Luxembourg that from July next year only one document would be needed to cover goods shipped from one of the three countries to another.

This is the first significant outcome of a political decision taken last year to strengthen the Benelux economic union.

For the last 13 years the Benelux countries have been seeking ways to simplify border controls. They have been successful to the extent that the average wait for shipments in the Benelux trade has already been reduced to 15 minutes against an EEC average of 75 minutes.

The single document, originating from the exporter, will embrace all the information required in border formalities covering customs, value added tax, statistics and foreign exchange.

Snamprogetti to build offshore rigs for Egypt

SNAMPROGETTI, the construction arm of the Italian state energy corporation ENI, has won a contract for offshore oil production structures in Egypt, James Buxton writes from Rome.

The contract, whose value has not been disclosed, includes the building of five new platforms, two of them wellhead and three of them production. It also covers the modification and expansion of equipment on three existing platforms.

Snamprogetti will manage the entire project and supply the equipment. The contract is with the Egyptian company Belayim Petroleum (Petrobel).

UK energy trade mission to visit Greece

BY RAY DAFTER, ENERGY EDITOR

LORD AVON, Junior Energy Minister, is to lead a 40-strong trade mission to Greece tomorrow in an effort to promote UK energy production and conservation technology.

The visit is being organised jointly by the London Chamber of Commerce and Industry and the Energy Department in response to an invitation from Mr Evangelos Kouloumbis, the Greek Minister of Energy.

Led by Lord Avon, Parliamentary Under Secretary of State for Energy, the mission members will take part in seminars during which they will outline UK export potential for alternative energy technology—including geothermal energy, wind power and solar power—as well as conservation.

The international consultancy arms of British Gas, the National Coal Board and the Electricity Council will also be taking part.

The mission follows a visit to London in February by Mr Kouloumbis. He emphasised then that officials of the Greek Government were investigating ways of exploiting UK research into wind power and geothermal energy as a means of reducing Greek dependence on imported fuels.

Alcoa in Taiwan joint venture

TAIPEI — Taiwan Aluminum and Alcoa of the U.S. have signed a memorandum of understanding to establish a $100m (£66m) joint venture to produce aluminium products in Taiwan, officials reported Friday.

The officials said Alcoa would provide $50m in capital within five years of the start of the venture, and also supply technological and managerial assistance to Taiwan Aluminum.

Taiwan Aluminum, which suffered a loss of $25m in the fiscal year ended June, will lease its smelters, can plant and rolling mills to the joint venture.

AP-DJ

CONTRACTS

£15m Army radio order for MEL

MEL, Crawley, a division of Philips Electronic and Associated Industries, has been awarded a further £15m contract by the Ministry of Defence for the supply of Clansman VRC.321 tactical communications equipment. This is the standard British Army HF vehicle radio and is fitted in all types from soft topped transport to main battle tanks such as Chieftain and Challenger.

★

TREND COMMUNICATIONS, data communications division of Phicom, has received an order worth £8.5m from British Telecom for its Puma telex terminal. The telex terminals are made by Trend in High Wycombe and supplied by BT in the UK. This latest order brings the total value of orders from BT for the Puma to about £22m, since the first order was placed before its launch two years ago.

★

UNIT CONSTRUCTION COMPANY has won contracts in the north west, Scotland and Yorkshire totalling £3.4m. In Liverpool, rehabilitation schemes worth a total of £1.5m will be carried out on the Sparrow Hall Estate and on the TSB Bank, Heathfield branch premises. Also in the north west, two contracts worth a total of more than £1.3m have been won for 47 houses in Whitefield, Greater Manchester and 29 flats and a community centre in Heywood for Anchor Housing. In Glasgow, refurbishment work on tenements and private houses will be worth a total of over £500,000, while alterations costing £100,000 will be made to the EMI Day Hospital in Leeds.

★

STRATHEDEN HOMES, housing development arm of the Miller Bockley Group, is to carry out a multi-million pound development of 75 one and two bedroom warden-assisted retirement flats at Seaford, near Brighton. The building contract, worth £1.5m, has been let to the London region of Miller Buckley Construction. The project is situated at The Esplanade, Seaford, and extensive ground preparation and foundation work has already been carried out. All 75 flats will have sea views, the majority with panoramas of the entrance to Newhaven Harbour and towards Seaford Head. Completion is expected by autumn 1984.

★

The contract to construct new home for Crystal of Harrogate at Forest Lodge, Knaresborough Road, Harrogate, has been let to MARSHALL CONSTRUCTION (WEST YORKSHIRE). The project is a specially designed Ford dealership costing £750,000. The scheme which includes a showroom (323 sq metres), covered used car sales (657 sq metres), service (974 sq metres) and parts department (569 sq metres), rationalises Crystal of Harrogate's facilities onto two sites. The existing filling station, motorist discount sales and used car sales will remain. Crystal of Harrogate are part of the Crystal Organisation which also operate Ford dealerships in Hull and Scarborough. The project is due for completion in June, 1984.

★

TAC CONSTRUCTION Materials is to supply Everite AC pressure pipes and accessories worth £600,000 to Nigeria as part of a £130m scheme to provide water to over 500,000 people in Kwara State. The three-year scheme, covering design, installation and initial management is being carried out on behalf of the Kwara State Water Corp. by Biwater Shellabear of Dorking, part of the Biwater Group.

★

PATERSON CANDY INTERNATIONAL (PCI), a Portals Holdings subsidiary, acting through Morgan Grenfell and Co., has signed a deferred payments agreement with the Iraq state contracting company for water and sewerage projects. PCI is the principal mechanical/electrical contractor for the £700m Karkh water supply scheme, to provide drinking water for 2m people in Baghdad.

★

BISON CONCRETE'S northern division has won an order worth £354,000 for a multi-storey car park at Lime Street Station, Liverpool. The structure is part of the redevelopment of the station being undertaken by British Rail and Merseypride Developments which involves refurbishment of the station itself and conversion of a hotel into flats and a retail development. The four-level car park will be of column with cantilever beam construction, with exposed aggregate mandrel panels. The scheme is designed to accommodate future upward expansion of a further three levels.

★

CAMBRIDGE INSTRUMENTS has won two U.S. orders. Purdue University, Indiana, has ordered an E-Beam lithography system, the EBMF 2.5, for $700,000 (£466,000), and National Semiconductor has ordered several Chipcheck reticle inspection systems for its plants in Santa Clara and Salt Lake City for just under $2m (£1.3m).

SHEPHERD CONSTRUCTION has secured contracts worth £8.2m. Of this total, £3.8m worth of new work is in Shepherd's York and north eastern region, where the largest contract is worth £1.4m and is for a signals and telecommunications centre and ancillary works for British Railways Board in York. Work on site has commenced for completion in April, 1984.

Further north, at Backworth, North Tyneside, work has started on 49 houses and flats in six two-storey blocks, comprising Phase 2 of a housing development for North British Housing Assoc. Worth over £900,000, the contract is due to be completed in January, 1985. Some £2.25m worth of work has also been secured by the Leeds and north west region, including a £600,000 plus contract to fit out the new F W Woolworth store in Market Street, Halifax. Work is scheduled for completion in January.

The Midland and southern region has picked up almost £2m of contracts, including the £750,000 plus contract to build the Arkwright Court, Leominster sheltered housing development for Leominster District Council. To be built on the site of a former school, the development will provide 35 sheltered housing units and is scheduled for completion in November, 1984.

£10m orders for STC

British Telecom has awarded STANDARD TELEPHONES AND CABLES (STC) two contracts totalling over £10m for 2 Mbit/s line systems. The transmission products division of STC Telecommunications at Basildon, Essex, is to supply 16,000 line terminals and 35,000 signal regenerators to the company's New Southgate site in north London. These will be delivered between December this year and June next.

★

CRIPPLEGATE PRINTING has concluded a contract to produce colour brochures for European distribution for Lego System A/S, Denmark. The order worth around 3m Danish kroner (£424,000) is spread over one year starting in the winter 1983-1984.

★

AKER ENGINEERING, Stavanger, has been awarded a contract by Phillips Petroleum Company, Norway, for engineering the gas lift for the Ekofisk platforms 2/4 B and 2/4 C. The contract is worth Norwegian krone 40m (£3.64m) and will employ an average of 50 engineers over a 1-2 year period. The gas lift is to improve oil and gas production by pumping gas into the wells. The gas lift programme is part of the Ekofisk water injection project.

★

McDERMOTT SCOTLAND has been awarded a contract, said to be worth about £1.5m, by Britoil to roll tubulars for their Clyde project jacket. The Clyde field, operated by Britoil on behalf of Britoil Shell and Esso, is located about 180 miles south east of Aberdeen and lies in 83 metres of water.

Tarmac wins £7m building orders

Improvements to council houses are included in contracts, together worth nearly £7m, awarded to TARMAC CONSTRUCTION. Largest, at £2.8m, is for improving 258 homes at Low Hill, Wolverhampton, for Wolverhampton Borough Council. Work will be carried out by the company's contract housing organisation which also has a £653,000 contract from the council for improving another 54 homes in Marsh Lane, Wolverhampton.

Cubitts—a division of Tarmac Construction—has a £208,000 contract for external painting and repairs to 136 homes at Huyton, Merseyside, for Knowsley Borough Council. Other Tarmac Construction contracts include a factory and offices at Horsham, Sussex, for Sandhurst Marketing (£1.9m); factory units at Wombwell, South Yorkshire, for South Yorkshire County Council (£418,000); and a factory and offices at Pensnett, West Midlands, for Steetley Industrial Estates (£382,000). Tarmac Refurb has a £440,000 contract for refurbishing offices in New Street, Birmingham, for Legal and General Assurance Society.

★

FAIRCLOUGH BUILDING has begun work on an £800,000 leisure centre at the Belfry Hotel, Wishaw, home of the Professional Golfers' Association, for Greenall Whitley. The single-storey centre will be linked to the main hotel complex by a covered walkway and includes a swimming pool, three squash courts, snooker room, lounge bar and changing facilities. Work is due for completion in April 1984. Fairclough building is a member of AMEC.

★

A contract worth about £3m has been awarded to AL WIMPEY CIVIL ENGINEERING by the Amoco Sharjah Oil Company. It covers civil, mechanical and electrical installations for the second-phase of a condensate recovery plant at Sarjaa field in Sharjah United Arab Emirates. Work will start immediately and should be completed in May 1984.

★

HERBERT MORRIS, of Loughborough, has been awarded a contract, totalling £3m, for two quayside container handling cranes at the port of Felixstowe, the major British container port. The cranes will be situated on the Dooley Terminal and the Landguard Terminal.

The cranes have a capacity of 40 tonnes and an outreach of 38 metres. Each crane's overall height is 55 metres, but when the boom is raised, the height is 79 metres. Both cranes are fitted with telescopic spreader beams, which enables them to handle standard ISO containers from 20 ft to 40 ft.

TECHNOLOGY

EDITED BY ALAN CANE

EPSON CHIEF TALKS OF JAPAN'S PLANS IN PORTABLE PERSONAL COMPUTERS

Next . . . the 'go-anywhere' machine

Professional Personal Computing

A BATTERY-POWERED computer which a ten-year old child could carry for at least a mile, but which does all the things more normally associated with bulky professional machines, is the next major trend in personal computers, a leading Japanese euthority said in London last week.

Mr Susumu Aizawa, managing director of Epson, the leading Japanese manufacturer of personal computers and printers, told e Financial Times conference that it "is more likely to be a marketing phenomenon than the brain-child of the engineer."

Mr Aizawa was the engineer who designed the "thermal transfer" device which made Epson a microcomputer printer giant. He said that he was not happy with today's portable computers like his company's own pioneering HX-20 because it sacrificed too many features of the professional machine.

"I feel that their small displays, limited auxiliary memory capacity and high prices will prevent them from becoming a major factor in the professional personal computer market," he said. But Mr Aizawa said that this situation may change dramatically in the near future, with Japan being well placed to respond to what he described as a "river in flood" in much the same way that Sir Clive Sinclair caught the tide with his small computers.

"There is much more widespread agreement that the next revolution is almost at hand, and that it will take the form of portable computers et modest prices. I would like to suggest that the Japanese industry will play an important role," Mr Aizawa added.

Japan has four out of the five "key" technologies which will be required to put the present professional personal computer weighing in at some 50 lb and priced at £5,000 and upwards into a small suitcase a fifth of the weight and cost, Mr Aizawa said.

These four technologies were the ability to mass produce cheap, reliable and low-power consumption personal computer components such as the CMOS processor and internal memory chips, large and high resolution flat screen displays, lightweight but high capacity disk storage and the small but quality printers of which Epson is a prime exponent.

The fifth, missing ingredient is the applications software which can make all these cheap highly portable components work: "Despite the high level of the hardware technology, Japan still has a long way to go in closing the software gap," Mr Aizawa admitted.

But this need not lead to a disadvantage, he added: "Advanced Western personal computer companies will therefore tend to see Japan as a hardware supplier," he said, adding that in order to do well in foreign markets Japanese firms will need to do more than just collaborate on the supply of boxes.

"I believe that the only key to success for Japanese companies in the computer market is to co-operate with local software houses, and to establish their own distribution systems under the control of local staff," be said, with the imminent portable computer boom being as good a time as any to begin.

Mr Aizawa reviewed the immense technological strengths of Japanese electronics industry. He said that there has been a massive investment in the advanced production equipment for CMOS chips, quoting spending of some $700m "some estimates put this at two and a half times the comparable U.S. figure." CMOS chips use little power while providing substantial computing power.

This was in part due to the calculator and digital watch boom during the 1970s, which also brought with it the cheap liquid crystal displays (lcds). He said that this technology now offered the necessary medium resolution screens for portable computers, with 80 characters by 25 line displays being common.

Competition with American suppliers now meant that Japanese suppliers had taken the lead in the supply of ever-smaller auxiliary or disk memories, Mr Aizawa said. Battery-powered disks no wider than an orange could now store the entire information contained in a weighty novel, and could feasibly add upwards of 1m words soon.

He said that Japan also led in the supply of miniature printers, like his own first design, with higher quality ink-jet or letter-quality models to come.

"These new capabilities will open up new applications—not just portable word processors, nor other portable usages of current applications," Mr Aizawa concluded. He gave one such novel application of his company's HX-20.

"For example, one cosmetic company developed a sensor to detect the condition of women's skin, especially facial skin, and the software to select the recommended cosmetics. This system had to be portable, so that it could be carried everywhere with sales people, and did not need large display capacity. We sold several hundred units at the same time," be said.

More general cultural differences between Japan and the West might have a far more dramatic effect, with the development of two parallel computer industries in the future, Mr Aizawa added.

He said: "The Japanese character set consists of over 4,000 ideographs, with their own meanings and 48 phonetic characters.

"Thus, completely phonetic input of the sounds of Japanese is possible from the keyboard, but these must then be converted into corresponding ideographs, which must then be displayed and printed. This complicated processing requires additional megabytes of memory, dedicated software and high resolution output devices," he said.

PAUL WALTON

HOW STRONG IS A PIECE OF STRING?

If it's Parafil, it's the strongest

BY ANTHONY MORETON, TEXTILES CORRESPONDENT

SITTING ON Archie Graham's desk in his Harrogate office is something that looks like a giant version of those tubular liquorice sweets that feature prominently in every packet of allsorts.

It is about 9 in tall and 5½ in in diameter and weighs 7½ lb and is, in fact, a piece of rope. Not just any old rope according to Mr Graham but a piece of the strongest rope in the world.

Mr Graham is commercial manager (a title which hides his role as chief executive) of Linear Composites, a tiny subsidiary of ICI Fibres. Although Linear Composites was hived off in 1976 from ICI Fibres, largely because its operations are well down the line, his desk remains within the Harrogate complex rather than in the Keighley factory.

The rope has been made, under the name Parafil, since the late '60s but it has only now reached the point where it could be claimed to be the strongest. It has been proved to have a strain of 1,486 tonnes before breaking in tests at Bochum Test House in West Germany, some 200 tonnes better than anything previously tested.

The strongest Parafil rope up to now could withstand the strain of 600 tonnes. The bigger rope was developed to solve the deep-sea mooring problems of the large platforms and it is here, that Mr Graham still sees the principal market. "We are, in fact, now looking to supply the third generation of platforms," he says.

"The first generation was those operating in the Gulf of Mexico and the second covered the deeper waters of the North Sea."

"Now that platforms have to be moored in much deeper waters you need a third generation and these need new products to moor them. One of these platforms is to be built in the U.S. for work in the Far East and we have high hopes of winning a contract for it."

If Mr Graham wins the order it will mean several millions of pounds in rope alone and for this reason be and a team took the rope to the Offshore Technology Conference in Houston earlier this year where, be says, "there was considerable interest," though that interest has still to be turned into orders.

Technically, the purists would say that Parafil is not a rope at all since it is not e twisted structure. It consists of closely packed parallel filaments of very high strength synthetic yarns which are tensioned and then encased in a tough plastic sheath. The rope has Kevlar, a Du Pont product, as its core and the sheath is polyethylene.

The advantages of Parafil rope lie in its high strength, low-weight, non-corrodable properties in water, all of which, according to Mr Graham, outweigh the merits of steel cables or chain in very deep waters—not only with the mooring lines themselves but also with the buoyancy of the platform.

Although Linear Composites' factory is at Keighley, if it won an order for the very big rope it would be necessary to move some manufacturing facilities to the coast. The economics of transporting such a large rope in large amounts would preclude inland production.

Apart from marine moorings the other main use for the rope is as a support for antenna masts. Smaller diameter ropes have also been used for the support of overhead contact wires in tram and trolleybus systems. It is in use, for instance, on the Milan tramway system.

Pollution control

Goblin gobbles sea debris

THE NEW Goblin floating pollution control vessel developed by AMI Offshore Resources is claimed to be the first which can pick up debris and waste from the sea and then recycle valuable pollutants such as oil.

Working on the catamaran principle, the Goblin vehicle can extract pollutants or debris from the surface of the sea, or just below, between two rotating drums which hang between the two hulls.

The £300,000 Mark One vessel has been designed to work in the relative calm of harbours and coastal waters. A more powerful seagoing model is being developed at the same time as the Mark One undergoes trials. AMI plan to begin production of the Goblin by the start of 1984, backed by loans from the British and Canadian Governments.

The 40 foot long vessel can take on board 50 tons of pollutant alone, but in emergencies several would work alongside mother vessels which would sweep pollutant towards them using existing "Sea Plough" booms and offload waste at the same time.

Semiconductors

New memory from Inmos

BRITAIN'S STATE-BACKED microchip company, Inmos has launched its first wholly UK designed memory product.

It is an 8K dynamic RAM memory which is claimed to be an improvement on the industry standard static RAMs, since the information which is stored can be changed and accessed much more quickly. The new chips are sold in hundred lots only and cost £16.00 for faster models, and £13.34 for the slower models. More from Inmos on 0272 290861.

Networking

Zynar net links micros

A LOCAL AREA networking system called Plan 2000 has been introduced by Zynar of Uxbridge for the fast growing IBM personal computer market.

The system will link two IBM PCs together for £1,475. With the addition of network interface cards it will allow up to 255 users to share expensive resources such as hard disc and printers and also to share data files and programs.

Plan 2000 is based on the Arcnet system pioneered by Datapoint and widely used by Nestar, Tandy, Wang and Zenith. It uses standard coaxial cable with baseband transmission plus token passing. Cable lengths can be up to 2000 ft or four miles using a simple booster.

Zynar says it expects to have 50 to 60 dealers appointed within a few months and it has plans to appoint European dealers and distributors. More on 0895 59831.

Microfilm

Bureau machine

BELL & HOWELL has a new computer output on microfilm (COM) recorder deploying software particularly suited to the computer bureau market.

Known as the 6600, it is claimed to operate at twice the speed of comparable cut film fiche systems.

Able to process large multiple blocks of data coming on line from a computer, the 6600 has a data buffer that allows the recorder to deal with a full page et a time. It can also handle job set-up and production concurrently.

As a result, this self-contained, on-line unit will process wet or dry microfilm to produce high quality cut fiche masters ready for duplication in less than 60 seconds. More on 07842 51234.

Computers

Apples down on price

APPLE has knocked nearly £300 off a starter pack which includes the Apple IIe, software, TV adaptor, and vouchers which make it cheaper to connect to the Micronet software delivery service on Prestel as well as a day's free training.

The Apple Home Computer system will retail at just under £1,000 and is aimed specifically at the High Street market.

Why governments face the need for spending cuts

By Michael Field

THE FALL in oil revenues during the last year is forcing the Arabian oil states to reconsider their development as the world's most affluent societies.

The ruling families and the middle classes know that the governments must dilute their lavish welfare systems — which extend from free local telephone calls through free garden plants (in Abu Dhebi) to various schemes designed to enrich the public by buying land from it.

But so far no government has dared make radical economies in these areas or told its people they will have to curb their expectations of affloence.

The issue is highly sensitive politically. Dampening people's expectations carries with it the risks of mass disillusion, opposition and instability.

The problem of the Arabian governments stem from the oil glut. Oil production has fallen dramatically since the beginning of 1982, and prices were cut by $5 a barrel by the Organisation of Petroleum Exporting Countries in March this year.

Saudi Arabia and Kuwait have both cut spending and announced deficits

Although output levels have risen since the spring, the three important Arabian producers, Sandi Arabia, Kowait and Abu Dhahi, are still exporting little more than half the oil they were two years ago. Together their output in 1981 averaged 12.5m barrels a day. Now it is about 7.6m b/d.

Saudi Arahia and Kuwait have both cut spending and announced deficit budgets. In Sandi Arabia the published budget for 1983-84 envisages expenditure of $75bn, $15bn less than in 1982-83.

In the United Arah Emirates it has taken Abu Dhabi and Dubai eight months to agree any federal budget at all. During the hiatus, from January to early September this year, contractors, federal government employees and landlords went unpaid. Airline offices began to refuse government purchase orders.

In all the Arabian oil states economies are being made by firing Palestinian, Egyptian and Indian junior government employees, by delaying payments to contractors and by deferring the start of work on new projects.

In Kuwait the problems have been magnified since last autumn by the crash of the Souk al Manakh, the unofficial stock exchange on which the shares of non-Kuwaiti registered Gulf companies were traded. Now there is a mountain of $90bn of unsettled post-dated cheques, with wbich the speculation had been financed; and no Kuwaiti knows how much any of his fellow citizens is worth.

Throughout the area businessmen have been hit hard by the sharp contraction of spending power in Iraq, fighting a long war with Iran. The country had been an enormous source of revenue for a whole range of Arabian entrepreneurs, including importers, truckers, contractors and the owners of small building materials manufacturing companies.

Yet despite this succession of hlows the economies in the area have displayed an unexpected resilience.

Many big importers say their sales in 1982 ran at record levels. The Saudi firm of Abdul Latif Jameel, which sold more than 130,000 Toyota cars in the Kingdom last year, made more sales in December than in any other month ever. This was ebout a year after the Saudis had begun to talk of an impending recession—and consumer demand remained buoyant in early 1983.

The growth of a substantial private sector over the last decade bes helped cushion the effects of the fall in government spending and suggests the Arabian economies are less dependent on oil than they used to be.

All businessmen agree that if there had been a fall in government spending on this year's scale ten, or even five, years ago the construction industry and much other private trading activity would have ground to a halt.

But now there are companies producing industrial and agricultural goods and services, that operate entirely independently of government spending agencies. They may have received government subsidies when they were establisbed, but now they buy from the private sector and sell to the privete sector.

In Saudi Arabia one bank calculated that in the fiscal year to this April, which saw unusually low oil production, between 45 and 48 per cent of Gross Domestic Product was generated by the private sector.

In Kuwait in 1982 the contribution of state and private foreign investments, banking and other financial services and real estate to Gross National Prodoct was rather more than the contribution of crude oil exports, gas and refining. Unofficial figures put oil GNP at $10.3bn and financial activities at $11.4bn.

Reassured by this development, Arabian governments have been encouraged to tell their people that despite the drop in oil revenues business will continue as usual.

When cutting their spending, governments have said that they are only postponing projects, not cancelling them. There has been talk of scaling down unnecessarily grandiose projects, of the sports stadium and conference centre type, and of cutting waste — but in most countries the results of these policies have not yet been seen.

No Arabian government bas yet feced the fact that there has been a sea change in its fortunes. The oil producers seem likely to receive only half their 1980-81 annual revenues for the next five years, though it is possihle that their income may increase at the end of the decade.

They will have to rethink their whole approach to development and scale down their industrial diversification plans, though governments are inevitably committed to certain sorts of project. For example, having almost completed its enormous gas gathering system and the infrastructure of the Jubail and Yanbu industrial cities, the Saudi government will not want to shelve the petrochemical plants and refineries that are to make nse of the gas.

All states give their people free education and health services

A vital issue facing the Arablan governments is reconsidering bow society's wealth is to be distributed.

In the past 10 years the regime that has evolved in Arabia has been one of "absolute welfare" — not just for individuals, but also for businesses.

All states give their people free education and health services. There are no personal or corporate taxes and virtually no indirect taxes. Electricity, petrol, all basic foodstuffs and water (mostly desalinated from the sea), are heavily subsidised. Kuwaiti consumers pay less than a sixth of the real cost of water and electricity.

Housing banks give interest-free loans to people who want to build their own hnmes or accommodation for letting. Only nationals may own real estate, so the profits from letting are concentrated entirely in the bands of Arabians.

Rulers give land to their people and their ministries pay massively to buy it hack. In Ahu Dhabi, the National Council recently negotiated an arrangement whereby the compensation of anyone who had sold land to the government in the past decade was upgraded. Those who had sold 10 years ago were given 10 times their original compensation and those who bad sold nine years ago nine times, down to those who had sold in the previous year, whose remuneration merely doubled.

All import agencies aod sbares in public companies must be vested in nationals, and nationals must own at least 50 per cent of all other private business. Anyone who invests in light industry can take half his capital requirements in the form of cheap state loans, at 2 per cent in Saudi Arabia and 4 per cent in Kuwait.

The cost of this welfare state for individuals and industry increases each year as population keeps growing and a steadily increasing number of projects are completed and need maintaining. Governments can reduce their allocations for land buying, as Kuwait has done dramatically this year, but they cannot easily economise on the operating costs of bospitals or desalination plants.

In Saudi Arabia, for example, allocations for current spending have risen from $21bn (27 per cent of the budget) in 1980-81 to $30bn (46 per cent of the hudget) in 1983-84. The annual operating budget of the Ministry of Health is now bigger than the allocation made for huilding new hospitals in the Tbird Plan of 1980-85.

The Arabian governments cannot afford run-away growth in current expenditure, and action to control it seems inevitable.

In the longer term they may have to ask tbeir citizens to pay taxes to support their own welfare states.

But in practice the steps taken to tackle these issues have been insignificant so far. In Saudi Arabia this year bus fares have been doubled to 2 riyals (40 pence) and the subsidy on frozen meat has been aholished. The Government has talked of reducing other subsidies but has so far dnne nothing.

The United Arab Emerates and Kuwait have raised petrol prices—the UAE to commercial levels. The UAE has also introduced health and education charges for foreigners and its federal assembly has debated the idea of asking for contributions from nationals.

The view of society that lies behind the Arabian welfare state for businessmen has not changed in the last two years either. Take, for example, the Kuwaiti government's reaction to the collapse of its two stock exchanges. It spent $3.5bn supporting share prices on the official stock exchange, where domestic shares are traded, and allocated $1.5bn to prevent the bankruptcy of "small investors" on the unofficial exchange, the Souk al Manakh.

Small investors in this case are defined as people who held post-dated cheques with a face value of $7m or less when the market crashed last autumn.

However much they talk about the need for belt-tightening, the Arabian governments hesitate to act. They are afraid that if they let speculators go bankrupt, raise prices or levy taxes their people will grow disillusioned, and will criticise waste and greed and extravagance among the ruling families. They may even demand a say in how they are governed.

Terry Kirk

An Arab merchant—bis shop and bis Cadillac in the Old Market, Dubai

TEST TUBE PLANTS

Rose-tinted glass for French nurserymen

By David Marsh in Paris

A ROSE bred by another method smells just as sweet, the French have discovered. And if it grows up in a test tube, it can multiply with such speed that the rabbit population is put to shame.

Test tube roses, orchids and carnations have gained a strong foothold in France over the past five years and are now not only threatening the livelihood of the flower growers, but also creating a revolution in world agriculture.

The in vitro rose breeding technique was developed at the Government's institute for agronomical research (Inra) and marketed by Delbard, the largest French nursery company. Under the leadership of Moet-Hennessy, the premier French champagne concern which bought a controlling interest in Delbard last year, test tube roses are about to invade the U.S. market, and seem certain to spread across Europe.

Roses manufactured in test-tubes multiply at a pheoomenal rate. Each "baby" can be divided into five genetically-identical offspring per month, giving a theoretical yield from an original stock of 10 plants of 2.5bn roses after 12 months—provided there are enough test tubes to go round.

The plants reach maturity much faster than garden-grown plants bred by conventional grafting techniques and have better resistance to disease. Their genetic structure can be juggled to produce different varieties suited to consumers' tastes, and even the fabled blua rose, which has evaded horticultural alchemists for centuries because of its baffling chromosome make-up, may be within reach.

Hence the interest of Moet-Hennessy, which bas already diversified into other plant-related fields like perfumes and fragrances (it now owns the Christian Dior company). To cement what the company sees as a "de luxe" marriage between champagne and roses, Moet has also bought the California-based Armstrong Nurseries, America's biggest rose grower, to commercialise the "in vitro" technique throughout the U.S.

Similar work — sometimes even more advanced — is going on in a string of countries abroad, notably Britain, the U.S., Israel, Japan, Canada, Belgium and the Netherlands.

Other major French companies with biotechnology interests have research contracts with Inra for experimental work.

The French rose growing community is understandably concerned, but flowers are only the beginning. In the Inra laboratory in Dijon, M Claude Martin, the 55-year-old French scientist with an international reputation as a test-tube plant breeder, is working on further experiments. A total of 250 varieties of 53 plant and tree species are involved, from tobacco and kiwi fruit to potatoes and pear trees.

In 10 years time, M Martin believes the technique will have spread to the production of new high-resistance strains of cereals with different growing performances, which could revolutionise farming.

The forestry industry is already taking part in experiments for test-tube production of trees ranging from walnut to oak and pine. The technique could have a tremendous impact particularly in the Third World.

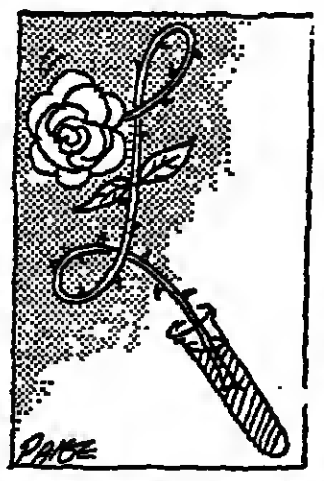
The process was put into application as long ago as 1938 but has taken years to bring to the commercial stage. M Jean-Pierre Megnin, Moet-Hennessy's director in charge of development, says that achieving the leap from laboratory to industrial-scale production is harder than making the original scientific advance.

Delbard is a family firm whose founder, M Georges Delbard, now 77, started his commercial career half a century ago selling roses on the banks of the Seine in Paris. He achieved the sale of the century in 1975 when 3m fruit trees were bought by the Shah of Iran.

The company now has a 100 sq m clean-air production facility at Malicorne near Vichy in central France where white-coated technicians, some of them trained at Inrea by M Martin, are building up towards a capacity of 3m test-tube plants a year. Armstrong Nurseries's production is dne to start in November in a laboratory in Los Angeles.

Rose-growers' worries about their livelihoods are similar, says M Megnin, to people's early fears over tha development of the train.

M Martin warns that the horticultural profession has no choice but to adapt—or else risk being swamped by imports based on technology developed abroad. The French market for rose plants has already come under attack from imports from Eastern Europe, Morocco and Spain.



The potential benefits to the balance of payments are underlined by the experience of a company in southern France, Blanc Barberet. Using techniques pioneered at Inra, it has built up a large business selling millions of test-tube carnations to the U.S.—although it has also caused the disappearance of about 50 traditional nurseries, which could not stand the pace.

Although the test-tube process was not eligible for patenting, M Martin admits that he could have tried to use it for commercial profit when it was first developed in 1952 to combat viruses in potatoes. "But it was just after the war. All the countries were ruined, and potatoes were our main dish. I wanted the invention to benefit everybody—I didn't want to keep it secret."

Now he has one worry about the future. If the process is developed too fast by entrepreneurs out for profit, existing species of plants and trees could dia out under competition from test-tube "super breeds" which could themselves be susceptible to diseases.

To prevent the possibility of genetically-identical roses, raspberry bushes or oak trees falling prey to viral infection which could potentially wipe out entire species, M Martin has pleaded strongly for the setting up of "gene banks" to safeguard the world's genetic wealth.

A key part of the Dijon laboratory complex is a securely-locked refrigerated room were racks of test tubes of roses and other plants are preserved for posterity. Some of the plants are already 20 years old. It is hoped that at a temperature of 2 degrees C, under close surveillance by technicians, the rose breeds will keep on living long after the humans who brought them into the world have ceased to tinker with their test tubes.

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UK NEWS

Mercury 'at risk' from union dispute, court told

BY BRIAN GROOM

MERCURY COMMUNICATIONS, the private telephone network which has a licence to compete with British Telecom (BT), warned in the High Court in London yesterday that it could be forced out of business if the Post Office Engineering Union (POEU) was allowed to continue its campaign of disruption against plans to privatise BT.

Potential customers were put off by threats of industrial action against them, it claimed. Mr Stuart Bailey, sales director, said in written evidence that Mercury had lost orders worth between £500,000 and £1.5m a year, with a further £4m in jeopardy.

Mercury is asking Mr Justice Mervyn Davies to order the POEU to lift the industrial action. It is a major test for the Employment Act 1982, which restricts unions' legal immunities to trade disputes with their own employer

Mr Alexander Irvine QC, counsel for the Mercury consortium, said the union's action was aimed at "throttling at birth" the private network by refusing to connect it to British Telecom's system.

Mercury is seeking an injunction preventing the POEU from doing three things: taking action which breaches contractual relations between Mercury and BT; interfering with Mercury's business; and instructing members not to co-operate with Mercury.

Minister would consider broker, jobber mergers

BY JOHN MOORE, CITY CORRESPONDENT

MR ALEX FLETCHER, the Minister for Corporate and Consumer Affairs at the Department of Trade and Industry, has said the Government would be prepared to consider the merger of stockbroking and stockjobbing functions on the London stock market.

In a major speech in New York yesterday, Mr Fletcher outlined the changes agreed between the Government and the London Stock Exchange which would lead to the dismantling of the stock market's minimum commission structure on its transactions, and other reforms. In return for the agreed changes the Stock Exchange is to be exempted from the effects of legislation under the Restrictive Practices Act.

Mr Fletcher said the Government had decided that single capacity – the separation of the functions of stockbrokers, the agents who act ou behalf of clients, and stockjobbers, the market makers – was justified.

But he added: "It was made clear to us – and experience in New York was one of the arguments – that the maintenance of single capacity might not be possible once commissions were negotiable.

"I am ready to be convinced that this is the case, but if the London Stock Exchange does decide to change its single capacity system, comparable safeguards for investors would have to be provided."

He said the first stage on phasing out minimum commissions was likely within a matter of months. The Stock Exchange had not yet reached a consensus on the "big bang" approach to the next stage.

Spending up sharply

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

SPENDING IN shops rose sharply in September according to provisional figures yesterday from the Department of Trade and Industry.

Figures showed a jump of 2¾ per cent in the volume of sales compared with the depressed levels in August.

Sales in September were running 6 per cent ahead of the level a year earlier in volume terms and 4¼ per cent above the average level in the first three months of this year.

The index for volume of retail sales in September was 116 (1978 = 100). Trade was ½ per cent higher on average in the third quarter of the year compared with the second quarter.

Falls in the recorded level of sales in July and August led to speculation in the City of London that the recent consumer boom might be fading.

But retailers remained confident throughout the summer and the September rise seems to support that optimism.

Fourfold rise in tax revenue over 10 years

TAXES ON North Sea oil have risen from less then 1 per cent of all revenue from taxation when the Conservatives took office in 1979 to 13 per cent in 1982–83. Over the same period income tax has fallen from 78 per cent of all taxation receipts to 69 per cent.

Figures published by the Inland Revenue today show that in the decade since 1973–74 the Government's total tax take has risen fourfold from £10.6bn to £45bn in 1983–84. In 1978–79, which ended just before the Conservatives were elected, income tax raised £18.75bn (with a further £15m from surtax) and represented 78 per cent of all tax revenues. In the same year, North Sea oil started to flow into the Government's coffers for the first time raising £183m in Petroleum Revenue Tax (PRT).

By last year PRT was up to £3.3bn.

● BRITISH STEEL Corporation is to close its narrow strip works at Barrow-in-Furness next month with a loss of 174 jobs.

● SHELL WORKERS at the company's biggest UK oil refinery at Stanlow, Cheshire, today begin an indefinite strike over pay.

● INVESTIGATORS in the Lloyd's insurance market have completed a report into allegations that five former Alexander Howden Group executives misappropriated up to $55m. Lloyd's committee members will now decide whether the report should be referred to the markets disciplinary committee.

UK NEWS

Ford's Turkish deal may safeguard export of car parts

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

EXPORTS OF British motor components to Turkey are likely to be safeguarded in future as a result of a move by Ford of the U.S. to acquire a 30 per cent stake in Otosan, the Turkish vehicle company.

The value of car components sent to Turkey from Britain is expected to reach £14m next year.

Turkey has been becoming increasingly protectionist in its approach to vehicle imports. By taking a 30 per cent shareholding in Otosan over the next three years Ford will be able to claim involvement in local production.

Otosan, a subsidiary of Koc, Turkey's largest private group, has just started production of the Ford Cargo truck. It also assembles the Transit van and Otosan's Anadol range of cars and light pick-up trucks use Ford engines and transmissions supplied from the UK.

Otosan has invested £15m to put Ford's 110 series six-cylinder diesel engine into production at a facility established at Inönu, south east of Istanbul, for use in the Cargo.

Components from the UK for the engine during 1984 – the first full year of production – will amount to £7.2m, according to Ford.

The Cargo will replace the D-series trucks of which more than 56,000 have been built by Otosan. Like the D-series, the Cargo cab is manufactured from glass fibre and Otosan has invested a further £2.6m to bring the cab on stream.

Production of the Cargo in Turkey is planned to reach 5,000 during 1984, rising to 6,000 a year by 1986. Initially, the only model to be offered will be the Cargo 1312 with a 4,250mm wheelbase.

Ford has been associated with Otosan since 1923 and since 1963 the Turkish company has also been assembling vehicles and making components under licence. Ford said the acquisition of the Otosan shares would be its first investment in Turkey since the 1930s.

UK producers plan dishwasher revival

BY LISA WOOD

FIVE manufacturers of domestic appliances are investigating the feasibility of building a single plant to manufacture a range of British-built dishwashing machines.

The market is totally supplied by imports, the major exporters being Germany and France which enjoy some 90 per cent of the UK market.

The companies involved in the study, which is at a very early stage, are the appliance subsidiaries of Thorn-EMI, GEC, Hoover, Tube Investments and Servis.

It is understood the initiative came from Hoover, which, several years ago, developed its own plans to manufacture dishwashers in Britain. The National Economic Development Office has been strongly involved in bringing the five companies together.

Mr Jim Collis, director-general of the Association of Manufacturers of Domestic Electric Appliances said that in other areas of domestic appliances the companies were highly competitive.

"The UK companies concerned, however, are talking about the possibility of co-operating in the manufacture of this product," he said.

"They are in the early stages of market research to see if it is the sensible thing for all, or some of them to do."

Ownership of dishwashers in the UK is lower than anywhere else in the western world and part of the feasibility study is to investigate the market's potential.

The market appears to have grown substantially this year with projected sales of 180,000 units compared with 115,000 in 1982.

If the scheme gets off the ground, the basic guts of the machines would be the same with individual companies then putting on their individual stamp and accessories.

The initial study is of the market potential. If this is favourable a second study will be made on the manufacturing possibilities which could involve either a "greenfield" site or the development of existing facilities. Foreign technology or parts could be involved.

Publishers face £4m bill in newsprint row

BY PAUL CHEESERIGHT IN LUXEMBOURG

BRITISH NEWSPAPER proprietors face a bill of up to £4m in the six weeks from mid-November until the end of the year unless the Italian Government drops its objections to an enlarged EEC duty free import quota for newsprint.

The EEC gives suppliers an annual duty free quota of 2.5m tonnes, but at present rates of consumption this will be used up next month. Efforts to add more tonnes to the quota ran up against sharp Italian opposition at a meeting of the EEC Council of Ministers in Luxembourg yesterday. Britain wants an extra 130,000 tonnes.

No immediate solution to the dispute is in sight. Britain has the backing of Belgium, the Netherlands and Denmark. The £4m bill for British newspaper publishers would be the amount paid in duties on imports outside the duty-free quota.

The Italian Government contests the need to buy extra supplies from outside the EEC – because it has a stockpile of its own, said to be between 50,000 and 60,000 tonnes.

A problem for British users is that the Italian newsprint has a watermark which makes it unsuitable for use. Transport costs from Italy would also be higher than, for example, supplies from Finland.

Italy is apparently basing its case on the idea of Community preference – buying from EEC sources rather than from outside.

UK NEWS

UK urged to set up 'super-ministry' to promote technology

BY GUY DE JONQUIERES

BRITAIN SHOULD create a super-ministry with wide-ranging powers to promote the development of a strong national semiconductor industry able to compete with the U.S. and Japan, a paper published by the National Economic Development Office (NEDO) said yesterday.

The paper was written by Sir Ieuan Maddock, former chief scientist at the Department of Industry. It says thet the recent rapid progress in making ever more powerful semiconductors has transformed the production of electronic components from a subsidiary activity into the principal driving force behind advances in almost every area of industry and commerce.

"High availability of the state-of-the-art semiconductors and the ability to create purpose-built chips for specialised applications will be as essential as the availability of electric power, pure water or good communications," he says.

Government policy has failed to give enough emphasis to development of the semiconductor industry, he argues. Funding of advanced electronics, notably by the Ministry of Defence, has been inadequate to keep pace with advances in technology and there has been insufficient co-ordination of initiatives by different Government departments.

Britain should seek to develop a semiconductor industry independent of the U.S. and Japan by creating a Ministry of Communications, which would take charge of the electronics activities of the Department of Trade and Industry, the Ministry of Defence and the Science Engineering Research Council.

It should be given powers to:

- Promote international alliances and joint ventures between electronics companies.
- Develop indigenous capacity to make specialised components for applications throughout industry.
- Help establish "silicon foundries" to turn bespoke electronic circuit designs into components.
- Stimulate the growth of markets for new telecommunications networks.
- Intervene in public purchasing decisions, to promote demand for advanced microelectronic products.
- Ensure an indigenous, competitively-priced supply of materials needed to make advanced microchips.

Sir Ieuan says that adoption of his proposals could enable Britian's manufacturing and service industries to meet U.S. and Japanese competition. But failure to act would lead to a situation "far more menacing" than the energy crisis.

The paper was written as a follow-up to a report by Sir Ieuan on the civil exploitation of defence technology, published by NEDO last April.

The Electronic Component Industry. National Economic Development Office, Electronics Economic Development Committee, Millbank Tower, London SW1P 4QX.

Plan for European music satellite TV

BY RAYMOND SNODDY

A CABLE television channel carrying live performances from the opera houses and concert halls of Europe could be available by 1986.

A feasibility study on the project is about to begin and, if it is positive, e decision to go ahead could be taken by the spring.

The BBC, Harold Holt, the European concert management company, and Morgan Grenfell, the merchant bank, have formed a joint venture to carry out the preliminary study on the prospects for European Music Satellite (EMS). Sir Ian Hunter, managing director of Harold Holt and Mr Noble Wilson, BBC Television's chief assistant in charge of international development, will look at the programme material available, methods of distribution, cost, the estimated size of the audience and revenue.

Meetings with the managements of opera and ballet companies, orchestras and national broadcasting companies are planned for this autumn.

The plan would be to offer a subscription service across Europe. At first, it would probably be delivered by low power satellite to the operators of cable television networks. Later, the service might be delivered to individual homes by direct broadcast satellite (DBS). "The great questions we have to answer is whether it could be economically viable," Sir Ian Hunter said yesterday.

Such a service might sell to the consumer for around £10 a month, though it was too early to have definite figures.

Several hours of programmes would be carried on weekday evenings, with perhaps more at the weekend.

Mr James Golob, of Morgan Grenfell's information technology development unit, said he believed the project could be financially viable.

If the decision is taken to go ahead, investment from other parts of Europe will be sought to make the enterprises less purely British.

Mr Wilson says the BBC is well aware that attempts to introduce a "cultural" channel in the U.S. and Canada have been unsuccessful.

"However, we believe that not only are there larger potential audiences in Europe for this kind of material, but also the essential nature of the service, the ability to watch live performances by the great artists and musicians of Europe, will be the real attraction," be said.

The idea for the European Music Satellite was first suggested by Mr Brian Wenham, BBC Television's director of programmes, and Mr Richard Somerset-Ward, head of music and arts.

Burroughs to launch new banking terminal

BY MARK MEREDITH

BURROUGHS, the Detroit-based business machine company, will next month launch a new banking terminal designed and manufactured by Fortronic, a Scottish microelectronics company.

Under a £21m contract signed with Fortronic earlier this year, Burroughs has the world marketing rights for the EF 300, a terminal for use behind the counter.

It was also announced yesterday that Motorola plans a significant expansion to its semiconductor plant at East Kilbride, south of Glasgow.

Mr Allan Stewart, the Scottish Industry Minister, said he had confirmation from Motorola of the expansion during his recent visit to the U.S. to encourage further investment in electronics in Scotland.

Scotland now has the largest concentration of semiconductor and personal computer manufacturing outside the U.S. Mr Stewart yesterday opened a new plant for Fortronic et Hillend, Fife.

The company, with a turnover of £7m last year rising to about £12m this year, is something of a novelty in this Scottish electronics sector. It acts as a producer as well as a holding company to spawn elctronics companies.

Along with the main Fortronic plant in Fife, the company has 13 subsidiaries in which it has an average 75 per cent stake, giving the managements of each subsidiary the remaining shares.

Among the 13 companies are a distributor for Wang office equipment, a word processing bureau, a marketing company, light mechanical assembly, office supply, design consultancy, software as well as research and development companies.

Fortronic, set up by Mr Hugh Smeaton and Mr Norman Edgar, two former Hewlett Packard employees, broke into the banking terminal market in 1976 with a £2m order for the Clydesdale Bank in Scotland.

Property plan unveiled for London riverside

BY WILLIAM COCHRANE

FIRST PHASE of a £350m development scheme for London's South Bank of the river Thames, which is planned to cover the entire river frontage between London Bridge and Tower Bridge by the end of the decade, was unveiled yesterday by St Martins, the UK property arm of the Kuwaiti Investment Office.

The first phase, described yesterday by St Martins' vice-chairman, Mr Fouad Jaffar as "London's largest development since the Great Fire of London in 1666," will cost £120m and take in 800,000 sq ft of the 2m sq ft of office space which will dominate the development.

Mr Brian Cann, managing director of St Martins, said the scheme would produce some £12m of rateable income (property taxes) for the London borough of Southwark.

He said the scheme had already attracted a major international tenant for 130,000 sq ft of office space

Planning officials at Southwark yesterday ettacked the scheme, saying that the council preferred a mixture of bousing, open space and industry for the site, which was previously occupied by Hay's Wharf.

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هكذا من الأصل

THE ARTS

Turner/Paris and Bordeaux

The practical visionary abroad

It is the common and entirely salutary practice of the artist to remove his work from the studio, from time to time, and so, by seeing it as we would say *in a new light, to see it as* it were for the first time, with all its faults and qualities exposed. For paintings most certainly feed upon and are affected by their immediate circumstances and surroundings: a practical familiarity may lull the senses.

This principle may be readily extended: for the experience of art, if it is true art, must always be one of continual renewal and refreshment, and there is no such thing as an exhibition of good, let alone great art of which we can really say we have seen it all before, though we may all too well have done so in the strictest sense. Whatever the familiarity of the work, time and place work their necessary, inevitable changes as life goes on, and the exercise of looking again is never wasted.

We know Turner so well in this country, however, and his reputation stands so high, that we may almost forgive ourselves, perhaps, for thinking we have seen enough of him, if only for the moment. After all, were there not those marvellous bicentenary celebrations only yesterday or the day before (eight years have gone so very quickly), at the British Museum and the Royal Academy, and have there not been smaller shows touring everywhere ever since, and tome from Butlin, Joll, Wilton, Gage and all besides? And of course there is always the Tate.

But we would be quite wrong to indulge the complacency; and now another anniversary has come along to make the point. The British Council, whose job it is to show British achievement of every kind to the world, is now fifty years old. The chance falls to mark the occasion by collaboration with the French and Turner, who travelled so prodigiously himself, has been asked to carry the flag.

Two particular exhibitions have been arranged, the one, at the Grand Palais in Paris (until January 16), splendid and copious, the other, at the Musée des Beaux Arts in Bordeaux (until November 28), an exquisite distillation of his achievement. *Separate as they* are, they need not be treated separately, for the group of some 30 water-colours lent to Bordeaux by Manchester's City Art Gallery, special though each of them is in its particular qualities, spans the period of Turner's career and the scope of his work: and his practice in water-colour is central to any understanding of his work.

The citizens of one of the great provincial capitals of France, one moreover which has such ancient association with Britain, may yet wish to go to Paris for the main feast, but it is right that they should have so significant a treat to themselves to savour.

The Paris show is indeed a magnificent affair, and all the more extraordinary for being the first exhibition of Turner's work on such a scale ever to have been held outside London: which is, of course, the point. Turner is an artist universally acknowledged to be a master, but known abroad only by the direct experience of particular masterpieces. The full scope of his achievement and the sheer *weight of his output are* matters more of academic than visual acceptance.

We, for our part, tend perhaps to forget two things: first the particular nature of that foreign experience, and second that our own more extensive knowledge is largely the creature of comparatively recent years. We look at these extraordinary vaporous effusions of the later years, which, in the light of post-war developments seem heroically prophetic, and quite as daring; and yet so many of these have only come to light since the war, as conservation has grown adequate to the task of their retrieval.

As for the water-colours, so many of those too were long passed over, interesting of course, but surely too fugitive and perfunctory for aesthetic consideration. There are some 100 finished paintings in the Turner Bequest, but over 180 *studies, sketches and rough* beginnings that came with them from the studio, and more than 19,000 drawings and water-colours, loose and bound.

In our retrospective enthusiasm we see Turner as proto-*impressionist* and first *abstract* expressionist: but none of these things would have been what the impressionists themselves saw in the National Gallery 20 years and more after Turner's death. To Turner too, so much was unfinished, unshowable, for all that his instinct was to keep it all together for consignment to his own ideal museum.

The question of finish is central: Turner was an artist very much of his own time, one who immersed himself in direct, incessant observation of the physical world, and yet remained ever a visionary and a Romantic. Whatever he saw, be imbued with the transcendent quality of an idealised world, or rather the visionary experience of that world. Most especially was it an historical vision, a Romantic imagining of a classical past, no matter that the subjects were so often *immediately contemporary* — the Man o' War in the Harbour as well at home in some Claudean bay.

Turner wanted indeed to be a history painter, and he saw himself most particularly as Claude's direct heir. It is the happiest of coincidences that this very show should follow so soon upon the great Claude retrospective of this spring, and in the same splendid galleries. In them we find painting after painting suffused with the same golden glow of the setting sun, though it is not the Enchanted Castle, and no deserted Psyche by the shore, but Windsor Castle, and unaffected shepherdesses and the flock in the Home Park beside the river.

And what is different, of course, is this sense of the particular place, so clearly seen and idealised perhaps, but not generalised at all. It may be all the frosty mornings there ever were, but the lane is exactly seen, and the horses, and the figure wrapped up against the cold. And what Turner was discovering about this time, the first 10 years of the century, in both his oil and water-colour practice, was that though finish may be required by convention for the public show, the suggestion or note, especially the one made upon the spot, was no less accurate, effective, or indeed sufficient.

The oil paintings he made up and down the lower reaches of the Thames in those years were perhaps in fact the most revolutionary things he ever did, his technique freed by his command of water-colour as his eyes had already been disciplined by constant *local* observation.

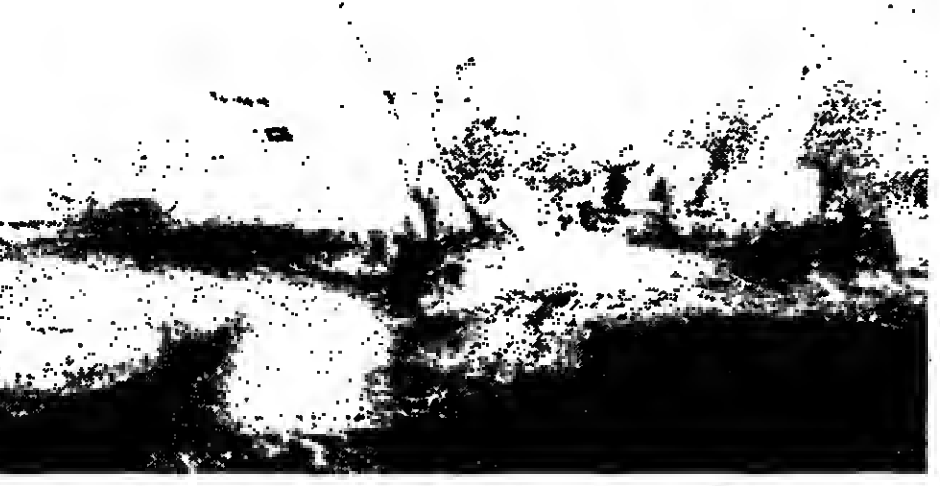
And so what we see in Paris now, no matter what the imaginative ends he asks his work to serve, is an artist at work who shows by what he does that anything is possible. His example is not so much one of truth to Nature as of truth to Art; and those French painters, fled to London from the *Commune in the 1870's*, though they would have seen *The Fighting Temeraire* perhaps, or the *Evening Star*, or *Hero and Leander*, would have detected too behind the superficial, final subjective gloss, to which Turner himself was no doubt committed, the real demonstration that a broad gesture, and the lightest touch, in purely painterly terms, may do rather more.

Not one of those three paintings is in Paris, but there are so many others that make the same point: *Burial at Sea; Rain, Steam and Speed; Juliet and her Nurse*; etcetera. The French have long known Turner as a great Romantic Symbolist, and so he is; but *what* we give them now *is* someone infinitely more various, subtle and accomplished than that.

Though he may not have realised it consciously himself, or not been prepared quite to *admit*, he was *the first* artist to shake himself free of the tyranny of representation and depiction, which was now a matter of choice, even of preference, but no longer of duty. He came to this pass, moreover, not through any rational process but directly through the work, always so driven on by his desperate temperament to chase the next image, the next fleeting effect, the next visual provocation.

There was ever less time to do it all, to complete it, tidy it up, and why should he when he could sense, if not be sure exactly, that it was right as it was. It is no accident that there should have been so much still in the studio at his death, and *still incomplete. It is Turner* the practical visionary, the artist with paint on his hands, who is the hero of Paris.

WILLIAM PACKER



Detail from "Van Tromp, going about to please his masters"

Manon/Covent Garden

Clement Crisp

It is the proper function of stars to shine, and the duty of major ballet companies to show stars at their most effulgent. On Saturday night, Natalya Makarova and Anthony Dowell were reunited in *Manon*, and the *resulting blaze*—of temperament; of magnificent dancing—provided the Royal Ballet with one of its most incandescent evenings in recent years.

The performance had a marvellous impetuosity, with David Wall's vicious charm as Lescaut, Derek Rencher's obsessed sexuality as G.M., sure partners in this impassioned reading, and the lovers' progress from first infatuation to final degradation perfectly judged in its emotional inevitability. Makarova sees Manon as someone determined to have her gorgeous cake and eat it. How clearly she shows the awakening of the girl's sexual desires and their first delirious gratification with des Grieux, and how sympathetic her view of Manon's response to the glittering chances offered by G.M.: her reaction to his gifts of jewels and dress are as frankly sensual as her acceptance of des Grieux' love.

The duets of the first act swooned and soared, Makarova and Dowell buoyed up on a wave of new-found physical delight, the dance light in tone and somehow unsullied. Admirable the contrast with the trio —one of MacMillan's most penetrating strokes of character drawing — in which Manon is manipulated by Lescaut and GM, suddenly aware of her sexual power; and very touching her brief return to the bed, as if seized by a momentary doubt about her new identity, before the lures of the world and of GM's wealth lead her away.

The implicit conflict between *physical honesty* about des Grieux and the opportunistic streak which links the Lescaut siblings is the armature of Makarova's reading, as are the tensions in Dowell's des Grieux between moral rectitude and his overwhelming infatuation for Manon. From both artists that mastery of their rules, that entire sympathy in partnership which transcends balletic conventions and reveals dancing at its most expressive, most honest and potently communicative. We saw; we believed.

Unstinted praise, of course, for their beauty of utterance—Dowell's classic elegance; Makarova's *physical* grace that flirted so enchantingly with the second act solo—but the ultimate reward came from the conviction and passionate truth of their characterisations. They spoke to our hearts.

Hamlet/Nottingham Playhouse

B. A. Young

This is played from the 1603 "bad" quarto. It is thought that this text was reconstructed from memory by a player who had been in a company using the text as we know it (the second quarto that is) and did his best to reproduce it for another company. Probably they say it was the actor who was Marcellus in Act I and possible Voltemar the Ambassador in Act II for these are the parts rendered with most consistent accuracy.

This isn't the place for such literary deductions or detailed comparisons of text (they are fully dealt with in the Arden edition). But some comparisons must be noted. We hear a wrong word almost at once: "You come must carefully upon your watch," says the Sentinel to Bernardo in line 6 of the first scene. Worse is to follow "To be or not to be, ay there's the point" (sic) is not only misremembered but misunderstood and put in at the wrong point in the play. There are gaps in the plot, too. We hear nothing of Hamlet's important adventures at sea, or of the fate of Rossencraft and Gilderstone as they are now called.

But no matter how much we lose in poetry and narrative skill — over 2,000 lines as a matter of fact—it remains the best play in the world and this production under Andrew McKinnon, with a very young company, has many merits. The speaking is brisk and intelligent, though the acting doesn't penetrate far into the emotions.

George Winters' handsome young Horatio is far distant from the ageing philosopher who has become fashionable nowadays. Correctly, he looks the same age as William Relton's boyish Hamlet and their other school fellows Rossencraft and Gilderstone, a pair of blonde Anglo-Flaxens, easy for the King to confuse without being too much alike. The line that establishes Hamlet's age as 30, is missing from this version, and Mr Relton looks a good deal less. He goes to much intelligent trouble to suggest various things that should be written in his "tables" but with youthful thoughtlessness has forgotten to take them out when he says he will.

He retains the sense if *not* the exact words of the dreadful speech, in which he condemns the praying King to Hell but Michael Tudor Barnes as the King doesn't seem to be praying very hard. He is firm without being evil, and incidentally seems younger than his Queen, which might well be the case for the ghost luxuriously caparisoned seems, behind James Cairncross' grizzled beard, to have died at a fairly advanced age.

Queen Gertrude suffers sadly from the ghastly version she is given of Ofelia's death in the brookside willow. Ofelia (Christine Kavanagh) is unusually affectionate with Hamlet even when he is trying to cast her off. But she doesn't go mad very sympathetically. Her father, named Corambis instead of Polonius, is nicely played by Eric Allan under a straggly beard but I didn't care for Andy Readman as her brother Laertes, until he began the fencing.

Anthony Ward has given us fine costumes and a minimum of scenery. The stage is virtually bare apart from a vast bronze of an armoured head that trundles around the stage on a wide plinth from scene to scene without much point that I could observe.

Das klagende Lied/Festival Hall

Max Loppert

Sunday's complete performance of Mahler's early cantata by the London Philharmonic Orchestra and Chorus under James Conlon was very spirited but rather too crude for comfort. The work, given with the long-lost first part as is now common practice, is a wonderful concert epic—a dramatic narrative into which the young Mahler poured heart and soul—but it demands a degree of control mostly lacking here.

A parallel with the early Verdi operas came quite often to mind; for those, when driven hard as Mr Conlon drove Mahler, tend also to coarseness of impact far beyond their deserts. It was evident that the conductor was stirred by the high-charged late-Romantic orchestral colours, the teeming dramatic contrasts; and rightly so. But the consequence of his easy surrender to the delights of the moment was felt in the raw tone of much of the playing (strings particularly thin and scrawny), in the "overdrive" of choral climaxes. Of the team of solists—Helena Doese, Ortrun Wenkel, Robert Tear, all closely involved in their music—the smoothest singer was the bass, William Shimell, who has the least to do.

In the Mozart E flat concerto, K365, the Labèque sisters gave an attractive, very lightweight reading which would have seemed rather more than that with less slipshod orchestral support. The two-piano concerto responds to the feline charms and soft caresses that the players lavished on it; but it is, besides, a much wittier, livelier piece of discourse between solo and orchestral forces than on this occasion they were able to suggest.

Eugene Sarbu/Elizabeth Hall

Dominic Gill

I remember being greatly impressed by the 28-year-old Eugene Sarbu when he won the Carl Flesch Competition in London in 1978, and subsequently by a number of violin concerto and recital appearances. His playing combined unusual technical proficiency with real originality and poetical insight; among the competition list of Conservatoire clones, his talent shone especially bright. Destined for greatness (a colleague's catchphrase which Sarbu's publicity still blazons as a banner) seemed pretty close to the mark.

Destined for the Victor Hochhauser circuit is closer, if Mr Sarbu continues to play the way he played at his recital on Sunday night. In the first half of his programme, Tartini, Faure, Vieuxtemps might all have been the same glib composer, concerned only to spin out as many notes as possible, as fast and prettily as possible, without nuance, variety or relief. Tartini's Devil's Trill sonata and Vieuxtemp's Rondino in E major, for all their sparkling fingerwork, were almost wholly flat and lifeless of resonance. Sarbu's Faure (the A major sonata) was like Musak: utterly predictable of tone-colour and phrasing, bored and mechanical of spirit.

He ended with a truly vile performance of Beethoven's "Kreutzer" sonata: hard, aggressive, thoughtless, without style or point. The second-movement variations were mostly gabbled so fast as to lose all sense; the intolerable *prestissimo* which Mr Sarbu set for the finale was pulled back from the brink, but only from the brink of disaster, no farther, by his accompanist Gordon Back —whose half of the partnership, of exemplary and remarkable tact, provided the evening's only genuinely musical pleasure.

Arts news in brief

James Mason and Alan Bates are to star in a major drama co-production, *Doctor Fischer of Geneva*, being mounted by BBC Television with Consolidated Productions. This 90-minute film for BBC-2 is based on the novel by Graham Greene, with the screenplay by the film's producer Richard Broke.

Filming begins in mid-November on location in southern England and in Switzerland, at Lake Geneva, Vevey, Gstaad and near Lausanne.

Doctor Fischer of Geneva was published in 1980. In the film James Mason plays Dr Fischer while Alan Bates plays Jones, an Englishman who falls in love with Fischer's daughter.

*

For the first time the Arts Council is to offer a bursary of not less than £4,000 to enable a trainee to work alongside the artistic director of a dance company for a year. This new training initiative reflects the need among the growing number of dance companies, for greater professionalism in artistic direction.

The bursary is intended to enable dancers or choreographers of considerable professional experience, who have not yet been responsible for the artistic direction of a company, to be appointed as artistic director of a dance company receiving public subsidy.

Further information is available from the Training Officer at the Arts Council. Closing date for applications is November 11.

*

The Arts Council's ninth annual anthology of contemporary poetry, *New Poetry 9*, will be published by Hutchinson in association with PEN on November 7 (price £7.95). It is edited by the author and critic Julian Symons and contains 122 poems by 74 authors, chosen from over 3,000 submissions.

Sun Ra—Gary Numan/Venue—Hammersmith Odeon

Antony Thorncroft

Two very contrasting concerts, linked by a perverse eccentricity. Sun Ra is an American blues pianist who, rather than jam out the same old rolls every night for decades, has flirted with the avante garde and in particular African music. He is a cult figure, with rock musicians covering his compositions.

At the Venue his voluminous band played itself in ominously with African chants, and, after mystic evocation, the equally voluminous man progressed across the stage. He opened with some modern rapping, more doom and gloom than heavenly blessings.

But as soon as he was comfortably seated the mood changed and the eight-strong *brass section, dressed like* oriental priests, took up with gusto Sun Ra's leads into conventional '40s swing. He even played "Stardust," and what looked like being a weird experience in non-communication became a happily bopping party.

There was no party for Gary Numan, who has returned with a very down-beat road-show. The set depicts doomsday, with the *synthesisers* hidden away behind shattered buildings. This is appropriate since it is a tougher, heavier Numan, with the bass and the drums to the fore. He remains the master of the deadpan, running through "Warriors," his new album, and with a limited backward glance towards his more melodic past. It was a brutal experience which his fans loved but it is a pity that so much money *should* be *invested in lighting* and sound to produce such a negative vision.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

Opera and Ballet

October 14–20

LONDON

Royal Opera, Covent Garden: only one opera on show at Covent Garden this week – Massenet's Werther, with Giacomo Aragall and Yvonne Minton, conducted by Jacques Delacote.

English National Opera, Coliseum: Further performances of the controversial ENO production of Monteverdi's Orfeo by David Freeman, and of the new Rienzi, with Kenneth Woollam, Felicity Palmer and Kathryn Harries.

Royal Opera House, Covent Garden: Natalya Makarova joins the Royal Ballet as guest artist in Manon on Saturday, and dances Voluntaries in a triple bill on Thursday. There is a performance of Manon without her on Wednesday.

Sadler's Wells, Rosebery Ave: the mime Lindsay Kemp opens a season with a programme about Midsummer Night's Dream.

PARIS

Rossini's "Moses" in a new production by Luca Ronconi conducted by Georges Pretre with Samuel Ramey and Shirley Verrett alternates with Puccini's "Madame Butterfly" conducted by Alain Lombard in a Teatro Communale de Florence production with Raina *Kabaivanska*/Helene Garetti as Madame Butterfly at the Paris Opera (2865022).

"Vive Offenbach": conducted by John Burdekin, produced by Robert Dhery at the Opéra Comique (2960811).

One-hour-Opera: Davies, Ligeti, Boulez with the Ensemble Inter-Contemporain (6.30pm), Ballet Théâtre Français de Nancy. Choreography by Kenneth Mac Millan, Agnes de Mille, Jiri Kylian. Music by Shostakovitch, Schubert, Haydn (8.30pm, Sun 2.30pm) TMP-Châtelet (2611983)

Paris 21st International Dance Festival: Le Ballet du Nord, Choreography by Vincente Nebrada, Alfonso Cata. Théâtre des Champs Élysées (7234777).

Dana Reitz: Field Papers. Centre Georges Pompidou (2787995).

NEW YORK

Metropolitan Opera (Opera House): The fourth week of the centenary season features Peter Grimes, La Bohème, Les Troyens, La Fille du Regiment and La Forza del Destino. Lincoln Center (5809830).

New York City Opera (New York State Theatre): Madame Butterfly, Candide, Mice and Men, and Alcina. Lincoln Center (8705570).

WASHINGTON

Houston Ballet (Opera House): Mixed programme of this young company, led by choreographer Ben Stevenson *will feature Stevenson's* version of Sleeping Beauty set to Tchaikovsky and originally performed at the London Festival Ballet. Kennedy Center (2543770)

WEST GERMANY

Berlin Deutsche Oper: Premiering this month is Zimmermann's Die Soldaten, presented for the first time in Berlin. It is produced by Hans Neuenfels and has Catherine Gayer and Rolf Kühne in the main parts. Orpheus and Euridice has fine interpretations by Hanna Schwarz and Helen Donath in the leading roles. Karan Armstrong does justice to the title role in Korngold's rarely played 'Die Tote Stadt'. Der Barbier von Sevilla closes the week.

Hamburg Staatsoper: *At the occasion* of this year's Wagner celebrations, The Flying Dutchman is presented this week. It has Franz Ferdinand Nentwig in the title role. Premiering this month is a new production of Turandot, directed by Gian Carlo *del Monaco, with* Eva Marton in the title role. Arabella has Judith Beckmann and Bernd Weikl in the leading roles.

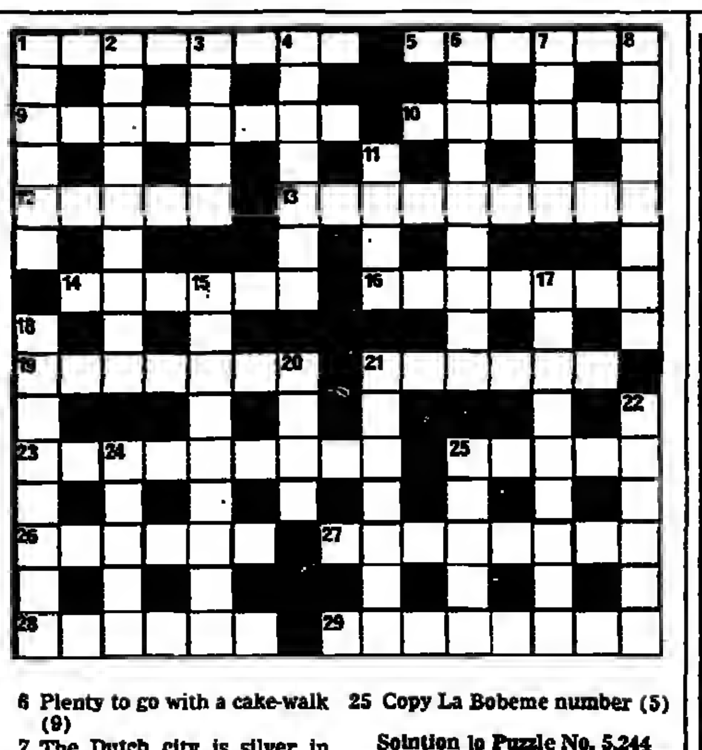
Cologne Opera: Also in honour of this year's Wagner anniversary, Die Meistersinger von Nürnberg is presented this week featuring Manfred Schenk as Sachs. Further performances are the Turn of the Screw, Don Pasquale and Andrea Chenier.

Frankfurt Opera: Jenufa, reproduced this season, has June Gard in the title role. Aida, sung in Italian, convinces thanks to Rosalind Plowright, *brilliant in the title role.*

ITALY

Venice: Le Fenice, Carolyn Carlsons Ballet (Sun, Tue, Thur)

F.T. CROSSWORD PUZZLE No. 5,245



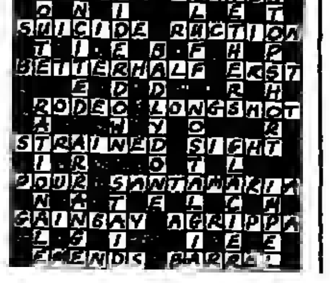
ACROSS

1 Sign of a snake having passed—between universities on the Thames (4-4)
5 Prestige fits hiding-place to a T (6)
9 Apparently I've won first prize, which should bring in plenty of money (4, 4)
10 Psychologist takes on the French in scene of unbridled competition (6)
12 Parliamentary decree *on*—constitutional historian (5)
13 She washes linen clothes by the sound of it (9)
14 Messenger god among other messengers (6)
16 *American* bird *in* cosmopolitan age range (7)
19 Loathsome fault he reveals (7)
21 Drift on sheltered road? (6)
23 Man of chat, law, disease, or trade etc.—*stay-at-home lad?* (9)
25 Perfect poseur? (5)
26 Enter some money? (6)
27 A timber to coil—it blows from the side (4, 4)
28 Travel round like a bull on the Thames? (8)
29 Garment for people who steal, by the sound of it (8)

DOWN

1 Chap with no choice? (6)
2 Ration of ground for cultivation (9)
3, 4 Classical and light items for November 5th (5, 7)
6 Plenty to go with a cake-walk (9)
7 The Dutch city is silver in colour (5)
8, 11 Search for profit maybe nurtures hate (8, 4)
15 Mule Island, of Drury Lane? (6, 3)
17 Ringers' ancestor made ringer sad (9)
18, 20 The customer may take it in hand (8, 4)
21, 22 Light moves smoothly, as shown in old lectures (7, 6)
24 What a decimal may do about a dog (5)
25 Copy La Boheme number (5)

Solution to Puzzle No. 5,244



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Telegrams: Finantimo, London PS4. Telex: 8954871
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Tuesday October 18 1983

Mr Tebbit's new job

MRS THATCHER'S enforced Cabinet reshuffle continues a trend that has become noticeable over her years as Prime Minister: promotion tends to go to those who serve, or have served, in the Treasury. After the general election last June, Sir Geoffrey Howe, the former Chancellor, went to the Foreign Office, Mr Leon Brittan, who had been Chief Secretary at the Treasury, took the Home Office, and Mr Nigel Lawson, who had once been Financial Secretary, became the new Chancellor. Mr John Wakeham, who had previously been Minister of State at the Treasury, became the new Chief Whip.

In the reshuffle on Sunday, the only new entrant to the Cabinet was Mr Nicholas Ridley, the Financial Secretary who has now been promoted to Transport.

This emphasis on the Treasury background is important in that it says something about the Prime Minister's priorities. There is now a Cabinet in which many of its members are deeply aware of the need to control public expenditure and have some experience of how to do it. But there is also perhaps a more personal reason for Mr Ridley's advancement. His advocacy of the market economy is well-known, and indeed led him into trouble with Mr Edward Heath, the then Prime Minister, in the early 1970s. Thus, while Mrs Thatcher may have lost a Cabinet confidant in Mr Cecil Parkinson, her own position is in no way weakened by Mr Ridley's promotion.

The most striking aspect of the reshuffle, however, is the move of Mr Norman Tebbit from the Department of Employment to Trade and Industry. Mr Tebbit is one of those few Ministers who could probably serve with distinction in almost any post. Apart from his Parliamentary skills, he has an ability to work hard, master a brief and, when necessary, to be pragmatic and conciliatory, as he has recently shown in his discussions with the trades unions over future legislation. His move—more upwards than sideways—underlines the importance attached to the new Department.

Views changed

The Department has had a chequered history: from MinTech in the late 1960s, to the Department of Trade and Industry in the early 1970s, to separation and now again, after this year's election, to amalgamation. The changes themselves suggest that no one has been quite sure what to do with it, just as over the years views have changed on the nature of industrial policy or whether there should be such a policy at all. It is thus wholly welcome that one of the Government's ablest ministers should now be in charge and ready, we hope, to take a new look.

Nothing about this should be doctrinaire. Sir Keith Joseph, himself once Industry Secretary, used to entertain the idea that the Department of Industry could be allowed to wither away as the state withdrew and the private sector flourished. Yet the state's involvement is too great for that, both nationally and internationally. It is not only the state-owned enterprises that will continue to require attention. There are also decisions, such as on further participation in the Airbus or on the development of new engines for Rolls-Royce, which cannot be taken by the private sector alone. While Mrs Thatcher's government rightly seeks to create a climate in which entrepreneurs can look after themselves, it cannot disengage altogether.

Her first government intervened widely in industry, whether by subsidising BL or British Steel even to the extent of sometimes over-ruling the advice of the management: for example, by preserving the steel plant at Ravenscraig. There were also cases where it tried hard to rescue plants that were already closing, such as the aluminium smelter at Invergordon. More recently the emphasis shifted to promoting high-tech and information technology. Yet there was about it all a rather arbitrary approach: clear criteria for state intervention were lacking.

It was the same at the Department of Trade. While the official policy was one of opposing protectionism, it was not always put into practice.

Even where the Government has seemed to be bold, as sometimes on privatisation, the purpose has not always been obvious. There is a risk, for example, that British Telecom will be simply transformed from a public into a private monopoly with an inadequate regulatory system. The challenge is not merely to change ownership, but to alter the structure of industry in a way which stimulates innovation, competition and consumer choice.

Mr Tebbit has the chance to look at all these matters with a fresh eye. There are others, too, such as the future of regional policy and the development of competition policy. Not least, there is the opportunity to press that public sector contracts in the EEC should be put out to open tender. His experience at the Department of Employment has shown that he is able to deal with monopoly power in the form of the unions. He now needs to demonstrate that he can stand up to other monopolies and special interest groups as well.

No unity among socialists

SOCIALIST prime ministers from five southern European countries gave a display of disagreement at their meeting in Athens which ended yesterday. Neither their common political convictions nor their supposedly common interests as southerners produced the hoped-for harmony on some fundamental issues of European politics.

Most glaringly, the meeting of the prime ministers of France, Greece, Italy, Portugal and Spain has given no new impetus to the weary negotiations for the admission of Portugal and Spain to the Common Market. After the sessions had ended, M Pierre Mauroy of France, raised no hopes at all that French delaying tactics might be abandoned.

On the contrary, opportunities to spin out the negotiations will multiply at the beginning of next year when, for a period of six months, France assumes the presidency of the EEC. With consummate elegance M Mauroy, by implication, blamed London and Bonn for the delay. Not France, he said, but others were blocking an increase of the Community's financial resources. Without such an increase there would not be enough money for Mediterranean produce in the Common Agricultural Policy and thus no scope for the admission of Portugal and Spain.

Topsy-turvy

The logic is as faultless as it is topsy-turvy. The Community faces financial crisis because the CAP in its present form—that is to say without Portugal and Spain — threatens to become a bottomless pit. Throwing more and more money at the farmers will not alter that, except for a limited period.

It is true that enlargement would confront the French Government with economic and political problems because southern French peasants would be exposed to severe competition from the Iberian peninsula. That, however, has been known for a long time. The existing Ten long ago decided that the political arguments for having Portugal and Spain in the Community and the general advantages to be reaped from a further expansion of the internal market outweighed such sectoral costs.

That decision was and still is the right one. It should not be blurred by confusing the issues or by adopting delaying tactics.

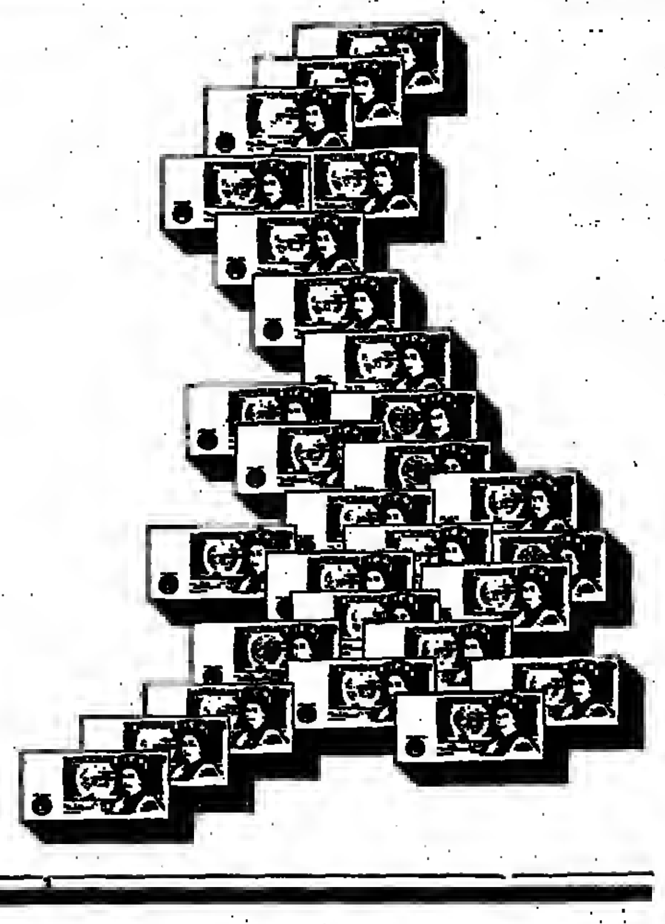
In what seems to have been a moment of exasperation the Portuguese Prime Minister, Sr Mario Soares, said at Athens that Lisbon might look for "alternatives" if it had not got into the EEC by 1986. It was an empty threat. There are no such alternatives.

As with the enlargement of the EEC, the socialist five in Athens found no common line on another question of prime concern to Europe, the deployment of U.S. Pershing II and cruise weapons. The Greek host, Mr Andreas Papandreou, failed to persuade Sig Bettino Craxi, of Italy, and M Mauroy that Nato ought to extend the deadline for deployment by six months if the current U.S.-Soviet talks in Geneva bring no agreement by the end of this year.

In itself that was a bad thing. But it does illustrate that an ideology held in common does not provide much of a basis for common political action within the western Europe of today. Mr Papandreou even failed to extract from Sig Craxi and M Mauroy a condemnation of the World Bank and the IMF for supposedly placing obstacles in the way of socialist governments. We should be grateful for their levelheadedness.

Britain's regional policy

An expensive search for the right formula



By Ian Hargreaves, John Lloyd and Anthony Moreton

"IN theory," says Andrew Noone, who is responsible for regional matters at the Confederation of British Industry, "a pretty respectable regional policy might be to take a helicopter over Gateshead and pour out pound notes." Such an approach would, he says, work as an act of redistribution and economic pump-priming—"but there has to be a more efficient way."

The search for that more efficient way has been the constant pre-occupation of regional policy makers since the science was invented half a century ago when the British Government decided to build factories in the depressed north east. But as yet another Government review of the subject grinds towards conclusion, sound policy seems more elusive than ever.

It has been made so by mounting evidence that the centrepiece of modern regional aid — regional development grants to encourage firms to invest in plant or facilities in economically deprived areas—no longer produces worthwhile benefits.

Since 1972, when the Heath Government laid down the main lines of current regional policy, £4bn has been spent on these grants with little discernible impact upon the relative economic performance of the regions themselves. Unemployment at 16.6 per cent in northern England and 15.4 per cent in the north west is still on an altogether higher plane than in the south east, where it stands at 9.2 per cent.

At the same time regional policy has been able to play no part—indeed it has probably aggravated problems—in the most rapidly deteriorating regional economy, the West Midlands, where the decimation of the engineering sector has helped drive unemployment to 15.3 per cent.

Academic evidence on the record of regional policy is equally cheerless. According to the Cambridge Economic Policy Group, regional policy helped create 20,000 jobs a year in the booming period between 1966 and 1971, 11,000 a year in the first half of the 1970s and only 7,000 jobs a year in the second half. Since, by 1979-80, the Government was spending £312m on regional development grant alone, that works out at almost £45,000 per job. The total value of Department of Trade and Industry (DTI) regional spending this year, including £474m in regional development grant, will be about £640m.

A tendency to neglect service industries

Figures like these have led to increasing doubts about basing regional policy upon automatic entitlement to grants for capital investment—up to 22 per cent of costs of either buildings or plant are available. Especially open to criticism is the payment of very large grants to firms whose investments would, self-evidently, have taken place anyway. A case in point is the Sullom Voe oil processing plant for which a BP-led consortium received £93m in regional development grant.

The county of Cleveland has been a notable victim of this "catalytic cracker syndrome"—so-called because of the vast sums disbursed over the years to the county's petrochemical companies, which have provided few jobs. Between 1972 and 1982, Cleveland received more in grant than the whole of Wales, but has an unemployment rate of 19 per cent. Almost one-quarter of regional development grant in the last decade has gone to the chemical industry.

Nor are these the only problems. Those who believe that greater flexibility of labour costs is a first condition of industrial renewal and employment growth note with dismay that regional policy has had so little impact upon the centralising tendency of both the public sector and large private corporations to pay similar wage rates regardless of geography and the state of local labour markets.

Government figures show that average male manual wages range from £134 a week in the south west to £151 a week in the south east. Manual wages in the depressed north, however, at an average of £143.60 a week, are little different from those in the south east (excluding London) at £144.50, although the recent trend is towards a widening north-south differential. In the 1982 figures, northern wages at £136.70 actually exceeded the south east average by £3.30 a week.

Equally open to criticism is regional policy's long-standing tendency to neglect the service industries in spite of the fact that manufacturing employment and share of GDP is in secular decline in all advanced countries. The DTI does, it is true, have a scheme to help move office and service jobs to the regions. It was allocated just £7.42m last year, creating an estimated 2,413 jobs — just over £3,000 per job.

An influential document which pressed home this case was a 1981 Institute of Economic Affairs analysis by Mr John McEnery, a retired civil servant and former head of the DTI's Yorkshire office.

In this paper, which has become required reading for ministers, Mr McEnery argues that the "manufacturing fallacy"—that only manufacturers produce tradeable goods and real wealth—blinded successive governments to the need to generate self-sustaining businesses, including corporate headquarters, rather than branch plants vulnerable to cut-back in recession or a move to areas with lower labour costs.

Mr McEnery's conclusion is that the grant system is "wasteful and counter-productive" and should be scrapped. He would also abolish subsidies to rail services in the South-East and abandon costly efforts to lure foreign branch plants, like the Nissan car plant. The resources saved (almost £1bn a year) could be spent on encouraging services and corporate headquarters to move into the regions through a selective system of grants.

Some Government policy advisers have taken advantage of these arguments to press their case that all regional incentives are a dangerous distortion in the market. They have also, in a flat economy, had no difficulty demolishing the central economic tenet of traditional regional policy economists that transfers of resources to the regions take pressure off wage rates in booming areas and so provide additional economic growth by using the resources more effectively in slack areas.

But it is not only free-market advocates who want radical change. So, too, do many local authorities, who are frustrated by the meagreness of their own resources and their lack of a voice in the way central funds are spent.

"They should re-cast the lot," says Mr Ray O'Brien, chief executive of Merseyside County Council. "If you talk about regional aid only with respect to industry, you are already starting to compartmentalise. What we want to talk about is the Government's whole relationship with Merseyside. There should be more coherence between the different schemes and more effort to bring local people in on revenue allocation." The TUC has emerged as a strong backer of the case for more local autonomy in regional aid.

The Government has been shaping a response to at least some of these points for a long time. Sir Keith Joseph, when he was Industry Secretary in 1979, sharply reduced the number of assisted areas, so that today only 27 per cent of the working population is covered, compared with 45 per cent before the cuts.

But this year's election manifesto contained a commitment to "an effective regional policy" and a promise to avoid "sudden changes."

Given the tortuous difficulties experienced since then by two inter-departmental inquiries in devising an agenda for action, suddenness was never really much of a danger. Even now, officials are uncertain whether the Government will publish a White Paper, a Green Paper or any paper at all this year.

What the debate has established is an official agenda for discussion, which now focuses upon three main questions: whether regional aid can be made to produce more jobs, possibly by including a labour recruitment stipulation, whether the system could be more discretionary and therefore more flexible and whether some way can be found of doing more for the services sector. A fourth, more tangential question is whether the boundaries of the assisted areas should be redrawn to take in the West Midlands.

Even this agenda is open to strong challenge, since it excludes consideration of the Department of Environment's (DoE) urban programme, which will channel £418m this year to Britain's depressed inner cities. 68 per cent of it in the form of capital projects and a large slice of it to industry and commerce.

The starting point for the new policy, however, is likely to be the straightforward desire to save money, something not necessarily so controversial since a bulge in grant applications associated with the Joseph cuts is now passed and will reduce regional development grants from £689m in 1982-83 to less than £474m projected for 1983-84 in the public spending white paper. (The £689m was an £89m overspend on the Government's public spending White Paper.)

To introduce an element of labour recruitment incentive, however, could be costly. The old regional employment premium, which ran from 1967 to 1977, paid manufacturing firms in the regions (initially £1.50 a week for each adult male) according to the size of their payrolls and cost an estimated £100m in 1967. By the time it ended, it was chewing up half of the annual regional aid budget and over ten years is estimated to have helped create about 100,000 jobs, with diminishing returns as unemployment rose in the 1970s.

This scheme is unlikely to be re-born, not least because as a blanket subsidy it would probably contravene EEC competition rules. A more likely possibility is some form of subsidy to firms which take on additional labour.

Another option and one certain to feature in the new policy is greater discretion in the allocation of grant. In the last decade, only 15 per cent of regional aid has been given on a selective as opposed to an automatic basis. The labour issue could be addressed by setting limits to the cost per job calculation.

But any move to selectivity would be resisted by the CBI which argues that automatic entitlement is vital for the business planning process. "If you want businessmen to alter location decisions, policy has to impinge early and clearly in his decision-making process," says Mr Noone.

As to whether regional policy can help make the labour market more flexible, the CBI is not hopeful, although it thinks that in the medium term changes in training systems and the housing market could help.

The CBI will resist any move to selectivity

Greater emphasis on service industries will also feature in the new policy. This can partly be achieved by including in the grant scheme industrial classifications now excluded, such as banking, financial services and tourism. Again, a large element of discretion may be necessary to avoid excessively complicated definitions.

On the question of assisted area boundaries, it is difficult to see the Government ignoring the West Midlands case.

All of this is a far cry from the radical talk of the McEnery paper and the free-marketeers. Probably, in the end, it was inevitable that caution would prevail in the face of the political sensitivity of the regional issue, coupled with the fact that regional policy remains an effective lever of money from Brussels—£235m this year from the regional fund and £215m from the social fund.

When, next month, the members of Neddy sit down to discuss the matter, they are more likely to be told about Government ideas for modifying policy than about fundamental changes. They will just have to hope that what is proposed makes more sense than the Gateshead helicopter.

MONEY FOR THE REGIONS

(£m)

	1982-83	1983-84
Regional development grant	600	474
Other Industry Department Aid	218	168
Urban programme	200	263
Urban development corporation	64	67
Derelict land improvement	59	75
	1,141	1,047

Source: Public expenditure white paper Cmnd 8789.

Men & Matters

Treasury track

Service at the Treasury seems to have become a passport to a place in Margaret Thatcher's Cabinet.

Nicholas Ridley, promoted from Financial Secretary to Transport Secretary, is by my count the seventh whose ministerial advancement has been accelerated by taking the route through Great George Street.

Nigel Lawson, Chancellor of the Exchequer, and Peter Rees, Chief Secretary to the Treasury, both got their first taste of government in the department they now head.

Lord Cockfield, Chancellor of the Duchy of Lancaster, who was a frequent visitor there as adviser on taxation policy to Lord Barber during the early 1970s, returned in 1979 for his ministerial initiation.

John Biffen, Leader of the Commons, Leon Brittan, Home Secretary, and John Wakeham, the Tory Chief Whip (not officially a member of the Cabinet but invited to all its meetings)—all passed through the Treasury portals to be allocated a regular seat around that coffin-shaped table in the Cabinet room.

It is a track record which the many aspirants for the vacancy created by Ridley's departure will have in mind as they wait optimistically by their telephones this week.

Yard master

Derek Kimber, one of the most extrovert figures in the UK shipbuilding industry, has finally decided to hang up his hat as chairman of state-owned British Shipbuilders' large merchant yards.

"On my next birthday, I shall be 67 and I think I'm entitled to lay down the cares of shipbuilding," he says. "There's really little more I can do. It's a hot political potato and the main task in the yards is keeping up morale."

Kimber, whose experience in the industry spans the Clyde, Harland and Wolff in Belfast, and Austin & Pickersgill on the Tyne, admits that "it is a very sad time for the industry, I make no bones about it."

But though, 16 months after his retirement date, he is handing over to Herbert Rice, head of the whole merchant division, he will still be active in the industry.

Tomorrow, Kimber sets off on his ninth visit to China, maintaining contacts for BS which is keen to benefit from the country's expanding maritime activities. He will also stay on as chairman of the Association of West European Shipbuilders until next June.

A director of London and Overseas Freighters and shipbroker Eggar Forrester, Kimber emphasises that even when the recession ends, the European industry will never return to past levels. "The focus of shipping and shipbuilding is shifting to the Far East," he says. But he believes firmly that Europe should remain strong in both sectors—"These two complementary industries are a defence asset."

He reckons the British Government could have shown more commitment to the sector. His own is obvious enough. Not many men in the industry list their two main recreations in Who's Who as shipbuilding and DIY.

Low spirits

Long faces, this week, among Norwegian health officials. A steep fall since January in sales by the state wine and spirit monopoly had led them to hope that Norwegians were drinking less of the strong stuff.

Now the police have uncovered a bootlegging organisation which brought at least 300,000 litres of cheap German booze into Norway during the first eight months of 1983, and possibly twice as much.

The wine and spirit monopoly, Vinmonopolet, says this compares with a 500,000-litre drop in its January/April sales. "The bootleggers have undoubtedly given us some keen competition," said an official, adding, bitterly, that the high prices fixed by the Government for the state stores were "an invitation to smugglers."

Saudi screen

Without as yet setting foot in the country, Jean Wadlow is about to produce her eighth film on Saudi Arabia, pushing her export earnings from that source to around £1m.

Contender for businesswoman of the year, voted one of Britain's four "best dressed leading lady executives," the managing director of Wadlow Grosvenor Productions has just agreed a six-figure contract with King Saud University for a film on the pilgrims' route to Mecca.

It follows a highly-rated film for the university on an archaeological site, Qaryat al Fau, which was previewed last year, in association with Mobil, in the U.S.

Wadlow's long-distance involvement in Saudi Arabia started soon after she joined her chairman Kyrle Simond in a management buyout of Charles Barker Films in 1978.

Simond established the initial contacts in the country where women are still generally unacceptable as parties to business negotiations. But it was Wadlow who produced the first six films for the Saudi Ministry of Education on the history and ethnology of the kingdom.

Leading Saudis have since beaten a well-worn track to her Mayfair office—and apart from her films on the country itself, she has won several contracts to record the exploits of oil and engineering companies in the area.

Not surprisingly, she has now reached agreement with Harb Zuhair's Tetrad group for the future development of film and video business in the kingdom.

Supply side

An Austrian banker of my acquaintance tells me that when he arrived in New York recently to attend an International Monetary Fund meeting, his passport was scrutinised with more than usual interest at the airport.

"A bank economist?" queried the official. "What are you, a Keynesian or a monetarist?"

"Well," my friend replied, "I suppose you would say I'm a Keynesian."

The official smiled. "OK," he said, "you can come in, but we've got enough monetarists."

Shipshape

Someone suggested at a press conference yesterday that the unions' plans for saving United Biscuits' Liverpool factory from closure might be dismissed as the work of amateurs.

"I would remind you all," Eddie Loyden, Labour MP for Liverpool Garston intervened, "that it was the amateurs who built Noah's Ark. The professionals were the ones who built the Titanic."

Trade names

Things may not be as bad as they sound in the PR industry. But after receiving handouts already this year from a Mr Buncombe and a Mr Puffett, my weekend post included an item from a Mr Moonshine.

Observer

Letters to the Editor

Turnover in management

From the Managing Director, A. T. Kearney

Sir,—I was very interested to read the comment in the Lex column (October 13) in referring to Honda results, that "If British chief executives responded to falling profits like their counterparts in Japan, half the captains of industry would be on the dole."

You might be interested to know that this was precisely the experience in British industry during the recession. A survey conducted by the Cranfield School of Management and published by my company, showed that almost one out of every two British companies (46 per cent) appointed a new managing director during 1981-82. A lower proportion of companies also replaced their financial and marketing directors.

While there was no obvious correlation between a change in chief executive and a company's financial results, this *phenomenon is perhaps the* most important symptom of the basic restructuring of British industry and the recognition of the need for different management skills and experience at a time of deep and prolonged recession.

Simon H. L. Pratt.
134, Piccadilly, W.1.

There's always a loophole

From Mr D. Richards

Sir,—With reference to Clive Wolman's feature on tax avoidance in Britain, "There's always a new loophole" (Oct 3), may I point out that one of the least avoidable taxes in this country is the local rate.

It is said that the amount lost by avoidance of the rates is equal to a little over 1 per cent of the revenue raised.

It is true that the present basis for assessing the rates encourages underdevelopment of properties and "deroofing" as tax avoidance measures, but these loopholes could be blocked by moving over to site value rating as is practised in Denmark, Australia, New Zealand and elsewhere.

The Liberals have long advocated this and now propose that the principle involved (taxing the rental value of land alone) be applied at the national rather than the local level. All economists agree that such a tax cannot be avoided by the landowner.

David Richards,
78, Parkfields Road, Bridgend, Mid Glam.

From Mr E. Penrose

Sir,—Clive Wolman's article on tax avoidance in Britain (October 3) is misleading.

While I would agree that there is nearly always a loophole to avoid paying tax, there is one notable exception—that is by paying a national tax on all land-values everywhere as a means of raising revenue for running the country, and by untaxing all other avenues of taxation.

This is not a new idea, is not widely understood and too often set aside as being too simplistic. The ingenuity of statesmen down the ages has been largely exercised in devising schemes of taxation that drain the wages of labour and the earnings of capital. Nearly all of these taxes are ultimately paid by the consumer while the owners of large tracts of unused land, derelict sites and parcels of land awaiting development pay extremely little in return for the privilege of holding out of use the nation's heritage.

Mr Wolman is right to draw our attention to the lack of definition of the principles of taxation. Could it be that the tenure of land is the fundamental fact which must ultimately determine the conditions of industrial, social and political life? *Should we not* first differentiate between property in land from that of property in things of human production? Is it not clear that land cannot be hidden or salted away overseas? It is there for all to see and if there is a land-value tax to pay on it, it must be paid and cannot be avoided.

E. Penrose.
34 Dorset Square, Marylebone NW1.

From the Editor, International Investment Letter

Sir, — Re Clive Wolman's article on tax avoidance (October 3): apparently no one has thought of the simplest and most effective solution to the "problem"—reduce the incentive to use so-called loopholes, that is, lower tax rates significantly from their present confiscatory level.

Wolman falls into the taxman's trap when he writes that the present "anomalies and avoidance probabilities" impose a heavier burden on the average taxpayer. There is no evidence that this is so. Since when *did* a Government reduce tax rates because it received more revenue? Why should the corollary be true? Government spending expands to use the funds available to it.

Adrian Day.
1300 N 17th Street, Arlington, Virginia, U.S.

Reforming local government

From the Chairman, Housing Committee, Greater London Council

Sir,—I was grateful to read of your view ("Reforming local government," October 11) that there is indeed a case to be made for a county wide authority for London. I must, however, take issue with the suggestion that all those functions which it is proposed should be devolved to the boroughs can be regarded as "minor."

GLC's housing functions, for example, are not "minor." They include the responsibility for a £1bn renovation programme involving 200,000 homes which have or are shortly to be transferred to the London boroughs and the meeting of deficits on that stock. (GLC have a statutory obligation to complete this programme by 1992.) They also include help for the many thousands of single homeless people in London, the management of a scheme to allow tenants to move easily to a different area of London for employment or personal reasons, the provision of homes in rural areas for Londoners to retire to and performing the research necessary to assess London's overall housing needs.

Most of the London boroughs argue that they could not take on GLC's housing role and that abolition would seriously harm the chances of the badly-housed, especially in the deprived areas of inner London.

In its White Paper on abolishing the GLC the Government has proposed joint boards or quangos only for services where it believed it could not get away with destroying the London-wide dimension altogether. It is vital to recognise that in many other important areas—such as housing—proposals to devolve powers to individual boroughs would mean that some services would be carried out less efficiently and in some cases not at all, with serious consequences for the quality of life of many Londoners.

(Cllr.) Tony McBrearty,
Members Lobby, County Hall, S.E.1.

Policies for employment

From the Director, Social Affairs, Manpower and Education, Organisation for Economic Co-operation and Development

Sir,—We were gratified by the extensive coverage you have already given to our recent report, the OECD *Employment Outlook.* However, the article by Samuel Brittan on work sharing "A Flawed, Dangerous Nostrum" (October 6) may have inadvertently given your readers the impression that the report has swallowed the "lump of labour fallacy" by uncritically advocating work sharing as a remedy to the serious unemployment situation in most OECD countries. That would be unfortunate.

In fact our report set out to make the simple but central point that, if the labour force continues to grow in the OECD area at rates similar to those recorded in the recent past (and in the absence of any contrary evidence, this seems the most reasonable assumption to make), OECD economies will be faced with a major task of job creation if unemployment is to be reduced to its 1979 level.

In its discussion of how labour market policies can contribute to the process of job creation, the report certainly does not single out work sharing schemes. Far from being an uncritical advocate of work sharing, the introductory section of the report specifically highlights the difficulties facing any such schemes. Indeed it stresses that they must "involve income sharing if inflationary consequences are to be avoided: a trade off between extra leisure and extra pay." I trust this clarification will help set the record straight.

J. R. Gass.
2, rue André-Pascal, 75775 Paris

Insurance trade barriers

From the Chairman, British Insurers' European Committee

Sir, — The letter from Mr Dugdale (October 12) might give the impression that the British insurance industry as a whole may not view the issue of insurance trade barriers with community of purpose.

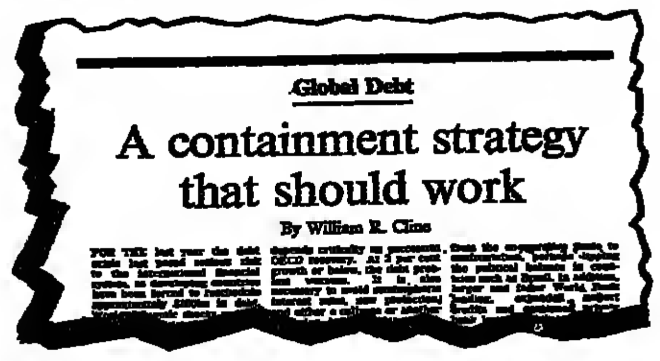
The British Insurers' European Committee which represents all sectors of the market on EEC insurance matters continues to regard liberalisation of insurance throughout the EEC — and indeed the world — as one of its principal objectives.

J. C. Frangoulis.
Aldermary House, Queen Street, EC4.

Containment strategy and debt

From Michael Lipton and Stephany Griffith-Jones

Sir,—Professor Cline (October 12) argues that the present "containment strategy should work," i.e. should prevent the huge overhang of Third World and Comecon debt from generating cumulative banking crises. He has so many ifs and *buts that, to any reader who is* not a professional gambler, the conclusion must be that systematic insurance is urgent. The strategy, or rather the muddle-through, might work, says Professor Cline, if the Organisation for Economic Co-operation and Development growth stays above 2 per cent yearly in 1984-86; and if there is no "new protection"; and if interest rates stay low enough; and if oil prices do not get too high; and if they do not fall too low; and if small banks continue to relend to Brazil, Argentina and Mexico; and if Latin American "domestic tolerance to adjustment programmes will last" long enough despite "structural incentive to default . . . because interest payments now exceed . . . new borrowing." If . . . and if . . . and if . . .; with such "optimism," give us the safe pessimism of insurance!



We believe such "gambling" inappropriate and propose that industrial countries' central banks should now jointly declare that, if any commercial bank faces liquidity crises due to sovereign default on honest lending, they will prevent its bankruptcy—at a high price—by purchasing its claims on overseas sovereign debt at a substantial discount. Central banks would then together seek to enforce their claims, at tolerably adjusted maturities and interest rates on debtor nations.

These ILLR (international lender of last resort) facilities, while preserving the existence of the threatened bank and hence its capacity to lend to business, would if used cost the commercial bank dear. It would not, therefore, be tempted to use them lightly—as a result of reckless lending.

Professor Cline is concerned that "massive public capital is required for such schemes." They could, in fact, as some private bankers have suggested, be financed in part from insurance premia paid by member commercial banks, and substantially by the central banks' (much larger) capacity to recover claims—which they have bought from commercial banks at a discount—from *borrowing countries. Certainly* the costs would be smaller than the potential cost of inaction, which could threaten the very survival of several of the largest commercial banks.

Furthermore, the commercial banks' current capacity and willingness to lend—and hence the durability of western recovery—is chronically threatened, not only by the drip-drip of reschedulings but also by the fear of overt default, and the uncertainty about ILLR if it happens.

Certainly, Professor Cline's well-informed assurances that "everything will be all right on the night" if, and only if, a hundred things go well for each of a thousand and one nights, do more to increase than to moderate the concern that such an ILLR contingency facility is an urgent need!

Michael Lipton,
Stephany Griffith-Jones,
Institute of Development Studies, University of Sussex, *Brighton.*

The strength of the dollar

From Mr M. Barnes

Sir,—Roger Bootle (October 10) supported the conventional view that the dollar's continued strength has been due largely to high U.S. interest rates and the attractions of dollar assets at a time of financial uncertainty. An analysis of U.S. balance of payments figures shows, however, that interest rates have had considerably less to do with the dollar's strength this year than commonly believed. For example, between the first and second quarters, net overseas investment in U.S. bonds, equities and bank deposits fell from $19bn to a little over $8bn. At the same time there was an increase in U.S. investment in overseas bond and equity markets. Yet the dollar's effective index rose 3 per cent between the first and second quarters.

The reason for the dollar's rise was that U.S. banks stopped lending overseas. Having lent almost $16bn overseas in the first quarter, U.S. banks received a net repayment of loans of over $3bn in the second. This was the most significant feature of U.S. capital flows and had very little to do with U.S. interest rates.

Looking ahead, overseas lending by U.S. banks is likely to resume next year, the current account is still deteriorating and Opec countries continue to liquidate their dollar assets. Even if U.S. interest rates do not fall further, a major decline in the dollar is in prospect.

Martin H. Barnes.
Wood Mackenzie and Co,
62-63, Threadneedle Street, EC2.

From Prof. L. Pearce and Dr S. Thomas

Sir,—Roger Bootle, on the strength of the U.S. dollar (October 10), argues that because individual country trade surpluses and deficits must add up to zero there is no way that banks can be left short of dollars. This is a little like saying that building societies can never be short of funds because their outflows of money must equal their inflows.

The flows of funds into and out of the Eurodollar market are influenced among other things by the level of consumption in relation to production of all countries engaging in dollar financed trade and, above all at the present time, by the maturity pattern of the immense volume of existing deposits and loans. The sums of money involved are so great that the effects of this sector on market values must be overwhelming.

Nobody doubts that portfolio management and purchasing power parity have a part to play in determining exchanges but it is possible sometimes to pay so much attention to the fleas upon the elephant's back that one forgets the elephant, until that is, it steps on you.

We are sorry that Roger Bootle finds our presentation of the facts "esoteric" but we do assure him that we have not just thought of it all as an *ex post facto* explanation of the observed "over valuation" of the dollar. On the contrary we (and other economists) have been conscious of and have warned against the danger for many years.

(Prof) L. F. Pearce,
(Dr) S. H. Thomas,
Department of Economics, The University, Southampton.

The ostrich strikes back

From Mr N. Button

Sir, — Judging from their letters (October 7) it would seem that I have ruffled the feathers of Dr Furtmuller and Mr Hills although I suspect, in the case of the former, we are dealing with a thinly disguised mocking bird.

If the Campaign for Nuclear Disarmament, in its broadest sense, wishes the City to take its view seriously, then may I suggest it rents a more articulate and less dowdy flock to carry its message. Otherwise, CND will be seen to stand for civil nuisance and disturbance.

Everybody accepts that man's knowledge to produce nuclear weapons is intelligence that we could all do without. That knowledge, however, having been gained, cannot be eradicated. Mankind's destiny does truly lie in his own hands, but to advocate the total abolition of nuclear weapons does assume that any past, present or future adversary will not restart secret production.

I suggest that anyone seriously believing that this country should abolish its nuclear capability in the context of the current world political situation is indeed an ostrich wishing to bury its head in a mistakingly green and pleasant land. Dr Furtmuller and Mr Hills—welcome to the club! They may wish to know, out of pure ornithological interest, that when trapped, ostriches have two main forms of defence—a powerful kick and a vicious peck.

N. C. J. Button.
17, Tokenhouse Yard, EC2.

Not a foremost lieutenant

From Mr D. Warburton

Sir,—In "Men and Matters" on October 5, it stated that I was one of Roy Hattersley's "Foremost lieutenants." Not only was this surprising news to me but I am sure somewhat of a shock to Roy Hattersley.

David Warburton.
47, Hill Rise, Chorleywood, Rickmansworth, Herts.

Foreign Affairs

Syria's key role in the Lebanon imbroglio

By Ian Davidson, recently in Damascus

"Where America has no influence and Syria's President Assad (right) a great deal, is over the future of the Palestine Liberation Organisation, now racked by a violent split"

NOTHING is certain in the Middle East, and certainty is more elusive in Lebanon than elsewhere. But if the national reconciliation negotiations between the main Lebanese parties open this week as planned, they may well mark a major watershed, not merely in the affairs of that wretched country, but also in the region as a whole. Among other things, they will write a bitter epitaph on the recklessness of last year's invasion by Israel.

One cannot, of course, assume that the negotiations starting this week will lead to the kind of political compact which could be counted on to provide stable government: given the multiplicity of factions that is bound to be difficult, and made more difficult by the searing experiences of eight years of war. But the process, once started, can have only three possible outcomes: a shift of political power from the Christians to the Muslims; a sullen and impoverishing de facto partition; or partition sporadically breaking out into renewed civil war. The one outcome that is now wholly implausible is an agreement to try to breathe new life into the 1943 constitution on the basis of Christian dominance.

To that extent, this week's negotiations mark the death certificate of all Israel's diplomatic objectives in the Lebanon. Its military objective, to drive the Palestinians out of Beirut, was successful, though Palestinian forces have not been driven out of Lebanon. Israel's diplomatic aim was far more ambitious: to conclude a peace treaty with a Christian-dominated Lebanon, and thus turn it into a *friendly* vassal state. The Israeli-Lebanese agreement of May 17 this year was intended to be the first step in this process.

Some Israelis have long dreamed of such a pact with Lebanon. When David Ben Gurion used to say "I do not know which will be the first Arab country to sign a peace treaty with Israel, but I know which will be the second," he was referring to Lebanon. But this dream took no account of the facts of history, geography and demography: Lebanese and Syrians have had close and intimate links for hundreds if not thousands of years, long before either country was ever invented, and such a reversal of alliances could not be brought about by General Ariel Sharon's tanks.

The agenda for this week's national reconciliation meeting has not been published, but there is a strong probability that the first item will be the question of the abrogation of the Israeli-Lebanese agreement.

But it is not just that the Israelis have failed to bring about a reversal of alliances. Their invasion, and the subsequent military and political imbroglio, have gradually forced the Americans to recognise the special nature of Syria's historical relationship with Lebanon, and the consequent need for Washington to engage in real diplomacy with Damascus if there is to be any chance of stability in Lebanon.

Syrian officials are still very wary of underlying American intentions. Even a man as sophisticated as Farouk al-Sharah, the deputy foreign minister, believes that the U.S. has some sinister Grand Design, aimed at Syria among others. 'We can't say that they actually want partition (of Lebanon), but either way they want to control the region. For the U.S., Israel is the only strategic alliance."

At the working level, however, there has been considerable improvement in understanding, especially since Robert McFarlane took over as special U.S. envoy to the Middle East. "Official Americans," says Mr al-Sharah, "are sincere: they admit the need for national reconciliation, they admit that Syria has an interest in Lebanon, they admit that the Syrian military presence in Lebanon is different in kind from that of Israel (because it was invited in by the Lebanese government in 1976), and they admit that Syria is not a Communist country nor a Soviet puppet."

Where America has no influence, and Syria a great deal, is over the future of the Palestine Liberation Organisation, now racked by a violent split between followers and opponents of Yasser Arafat as the leader of Fatah. At one level, the dissidents criticise Arafat for having switched the balance of PLO activity from guerrilla warfare to diplomacy, and in particular for having flirted with the Reagan plan, which might have given the Palestinians self-administration but not a Palestinian state.

At another, they accuse him of being autocratic, spendthrift, erratic, and nepotistic, and of disregarding policy decisions of the Palestine National Council. According to Khalid Fahum, president of the Palestine National Council, who has been charged with mediating between the two sides, it is these institutional questions of the method of leadership which are central to the quarrel. "We need institutions with a collective leadership," he says.

The questions which so far remain unanswered are, first, whether Arafat can survive as leader of the PLO, and second, whether the PLO can avoid being sucked into Syrian control. Diplomats in Damascus believe Arafat still has great support among civilian Palestinians, especially on the West Bank. But Mr Fahum claims that, among Palestinian military forces, some 60-70 per cent are now against Arafat, and it seems clear that his support among Arab governments has dwindled steadily since the Palestinians' ignominious eviction from Beirut last year.

"If Arafat wants a compromise," says Mr Fahum, "he will have to make more concessions to *Syria* and to his opponents than he would have had to make a year ago."

Just what concessions would be required by Syria is more difficult to fathom. "The Syrians want co-ordination with the PLO," says Mr Fahum, "not control of the PLO. Our co-ordination must be with Syria." But between co-ordination—the avoidance of policies which conflict with Syrian interests—and control, there is a fine philosophical line which may not be apparent to all.

When Arafat left Beirut for Tunisia, he was declaring his determination to be independent of Syria. But it is not easy to see that he can save his position within the PLO without a reconciliation with Syria. If national reconciliation in Lebanon reaches the point where foreign forces can plausibly be required to leave, the Palestinian forces will have to go too; and at that juncture they will again face the choice between Syria or some other, more remote corner of the Arab world.

In the meantime, there is a stalemate between Israel and Syria, with each side insisting that the other must remove all its forces first. But it is not implausible to suppose that Syria may be able to outwait Israel. For both countries, the military occupation of part of Lebanon is a costly affair; but for Israel it has now become a painful trap, whereas for Syria it may eventually produce long-term dividends.

In the light of what has happened in the West Bank and the Golan Heights, one should not under-estimate the Israeli temptation to see security in expansionism. But Israel is a democracy which will find it increasingly difficult to face the prospect of a steady trickle of casualties in Lebanon to no obvious purpose, and the financial burden will be increasingly difficult to impose on an economy which is in serious difficulties.

Syria has internal political reasons for wanting a political settlement in Lebanon—for one thing, there may be as many Druzes and Christians in Syria as in Lebanon—and the occupation imposes extra strains on an already over-inflated defence budget. But President Assad runs a one-party state which does not suffer from the disabilities of democracy, and some Western diplomats believe that he commands wide popular support in the country, especially on foreign policy.

One cannot, of course, assume that this week's national reconciliation negotiations in Lebanon will actually lead to national reconciliation. The Lebanese and their fratricidal quarrels may outwait both the Israelis and the Syrians.

FINANCIAL TIMES
Tuesday October 18 1983

British Steel shows the world the best way to shrink

BY IAN RODGER IN LONDON

BRITISH Steel Corporation (BSC) may have difficulty selling as much steel as it would like these days, but there is growing demand for its expertise on how to scale down a steelmaking business in a hurry.

BSC has been a world leader in recent years in the sad but necessary business of making big cuts in capacity and manpower to meet the reduced market potential for steel.

In the past decade, BSC's steelmaking capacity has tumbled from 28m tonnes to 14.4m tonnes and its manpower has been cut from 225,000 to 74,500.

As the worldwide slump in demand for steel persists, an increasing number of producers are realising that they, too, will have to take drastic measures to bring their capacities into line with demand.

And the word has got out that BSC is the place to go for advice. In the past few months, the corporation has been approached by steelmakers in Italy, France, Spain and the U.S., all interested in discussing the problems of managing dramatic change.

BSC's expertise in this area came to general notice a year ago when Mr David Grieves, the corporation's managing director responsible for personnel and social policy, gave a speech to the world's steel industry leaders in Tokyo.

Mr Grieves' stark message stunned the steelmakers.

"The task of promoting necessary and painful change is primarily a responsibility of management," he said. "Management cannot wait for full consensus before initiating action. Participation and commitment from the workforce follow the recognition that management is acting dynamically and that the alternative to radical change could well be the death of the business.

"This recognition is itself an uncomfortable process and many concerned are reluctant to face up to it."

BSC itself had floundered for some time before realising in 1977 that urgent action was the only solution. It then embarked on a new strategy involving several plant closures, major cost cutting at surviving plants, decentralisation of pay negotiations, and a drive to create alternative employment for redundant workers.

The first three of these elements are purely management problems and most steel company managers today know what they would do, if they were given a free hand.

But Mr Grieves' presentation of photographs of the huge East Moors works in Cardiff, South Wales, before and after closure – the site was flattened – brought gasps from the audience.

"If we mean what we say about restructuring," he said, "there are going to have to be a lot more East Moors."

U.S. producers, in particular, have been intrigued that BSC would go to the trouble of flattening and cleaning up its abandoned steelmaking sites. That, in BSC's experience, is a necessary prerequisite to any successful rehabilitation.

Other steelmakers are interested in the challenge of decentralisation. In BSC's view, one of the main problems in a business which suddenly faces the need to contract is stopping the rising trend of manpower costs.

Traditional negotiating policies at BSC meant that employees came to expect regular increases at least in line with the cost of living. By decentralising bargaining to local plants, the corporation hopes that employees will recognise the connection between output and pay.

BSC officials find that foreign steelmakers are most interested in the efforts the corporation has made to create alternative jobs for redundant steelworkers. This interest probably arises because in many countries it is very difficult to make workers redundant, unless alternative jobs are provided.

BSC Industry, the corporation's job creation subsidiary, claims it has helped create 19,000 jobs in the past five years and that another 14,500 are in train. Those may seem small numbers when compared with the 150,000 reduction in BSC's manpower in the past decade. However, 43,000 have left through normal or early retirement.

BSC is now geared up to provide lectures on its restructuring experience and tours of the major rehabilitation sites. Despite the growing tensions among the world's steelmakers in the past few years, there is still enough goodwill left that no charge is made for these services.

Austin plans return to U.S.

By Kenneth Gooding, Motor Industry Correspondent

AUSTIN Rover, the UK car maker BL's volume subsidiary, is drawing up plans to re-enter the U.S. market which it quit two years ago.

The executive car code-named XX which the company is developing jointly with Honda will spearhead the renewed attack.

But once Austin Rover has built up a new dealer network in the U.S. on the strength of XX's appeal, other models will follow – almost certainly using the MG badge.

MG at the peak of its popularity sold nearly 35,000 cars in the U.S. in 1977, and still has a good image there.

Mr Harold Musgrove, the company's chairman, returned from a fact-finding visit to the U.S. at the weekend, and yesterday insisted he had concentrated mainly on the new technology being offered to car makers there.

However, other Austin Rover executives pointed out that the XX is due to be launched in 1985, and it should be expected that the company would be preparing the ground in the U.S. about now.

One pointed out that the Austin subsidiary attaches the same importance to the U.S. as to Germany in Europe. The company believes it will have a considerable battle to build up sales in either country but "we are willing to take a five-year view."

Success in the U.S. would seem to be a necessary ingredient if Austin Rover's investment in XX is to pay off and if it is to meet its production targets.

Mr Musgrove said yesterday that the company would produce about 450,000 cars this year, but from 1986 onwards – after the complete Austin Rover model range had been renewed – it would be "over 600,000 a year."

The jump in production would be achieved without any increase in the total of 41,000 people employed – and car output per employee per year had already risen from 5.9 in 1979 to over 14 today.

But the Japanese in some cases achieved 20 and above. "We have to overhaul the Japanese and we can do it," Mr Musgrove insisted.

EEC calls for speedy action on steel claims

BY PAUL CHEESERIGHT IN LUXEMBOURG

THE EEC yesterday demanded immediate settlement of its claims on the U.S. for compensation after the Reagan Administration's imposition last July of curbs on the imports of special steels.

Foreign ministers, meeting in Luxembourg, said they wanted compensation negotiations to be completed before the consultation period permitted under the General Agreement on Tariffs and Trade (Gatt) expires. The 90-day period ends on Thursday.

Underlining EEC dissatisfaction about the nature of U.S. suggestions for compensation, officials disclosed that the European Commission was working on retaliatory measures against the U.S. to be applied if the compensation negotiations were not finished satisfactorily.

Such retaliation would not be extended to agricultural products, where the U.S. is especially sensitive. Rather it will cover steel products and items like machine tools.


Mr Wilhelm Haferkamp

But Herr Wilhelm Haferkamp, the commissioner in charge of external relations, told the Council that further proposals for compensation had been received from the U.S., although the details were not clear. In his view it was worthwhile continuing the discussions.

The Council has been careful to kep the retaliation card in its pocket. However, there appears to be litle disposition to play it in the immediate future.

As far as the EEC's own import curbs are concerned, the Council yesterday gave general approval to the Commission's ideas that import quotas negotiated with supplying countries for 1984 should be broadly in line with tonnages for 1983.

This means that suppliers would be able to sell in the EEC tonnages 12.5 per cent down on their 1980 level.

Imports account for about 10 per cent of the EEC market. The Commission's proposals will thus be disappointing to the European producers who have been pressing for import penetration to be kept below 7 per cent.

France resists Portuguese and Spanish pressure on accession

BY ANDRIANA IERODIACONOU IN ATHENS

M PIERRE MAUROY, the French Prime Minister, sought to shift responsibility for the delay in Spanish and Portuguese entry into the EEC on to other member-states yesterday when he stressed in Athens that France was not responsible for blocking a solution to the linked problem of an increase in Community resources.

Sr Felipe González, Spain's Prime Minister, and Sr Mario Soares, of Portugal, pressed their countries' case for early admittance to the EEC during an informal meeting of five southern European socialist prime ministers in Athens at the weekend. The meeting was called for by Dr Andreas Papandreou of Greece. M Mauroy and Sr Bettino Craxi the Italian Prime Minister, also attended.

Despite the fraternal setting, the Spanish and Portuguese demands came up against French stonewalling. Paris is reportedly increasingly reluctant to encourage Mediterranean enlargement of the EEC, especially to include Spain. The French Government is faced by the opposition of farmers in southern France, a siginificant electoral force.

M Mauroy told a press conference yesterday: "In order to contemplate enlargement, the EEC must take Mediterranean agricultural products into account. In order to take Mediterranean agricultural products into account we must have the resources. And it is not France which is blocking the issue of EEC resources."

The French Premier was understood to be referring to EEC member-states such as Britain, West Germany and the Netherlands, which link an increase in Community resources with reforms in agricultural spending.

His statement neatly tipped on its head the main González/Soares argument that enlargement is part and parcel of the issues which the EEC must resolve in order to avoid a crisis of survival. The statement also provided a deft answer to a demand by Sr González that EEC agricultural reforms must take Spanish fruit and vegetable products into account.

The gloom of the Spanish and Portuguese delegations was not relieved by the fact that the Athens meeting for the first time yielded strong hints that the package of problems facing the EEC is unlikely to be solved by the summit meeting in Athens in December. These problems will then be carried over to the French presidency of the Community.

If France chooses to prevent the completion of enlargement talks within its presidency, treaty formulation and ratification procedures could then delay Spanish and Portuguese accession until January 1 1987. In Athens at the weekend, Sr Soares warned that unless Portuguese accession takes place by 1986, his country will seek unspecified "other alternatives."

Successor to Aridor eludes Shamir

By David Lennon in Tel Aviv

THE ATTEMPT by Mr Yitzhak Shamir, the Prime Minister, to appoint a new Finance Minister quickly to deal with Israel's economic crisis ran into difficulties yesterday because of inter-party rivalries.

The Premier was reported to have asked Mr Yigal Cohen-Orgad, a Herut Party Knesset (parliament) member and an admirer of economic policies followed by Mrs Thatcher, the UK Prime Minister, to take over the post vacated last Thursday by Mr Yoram Aridor. Mr Cohen-Orgad, 40, is a political hawk who opposed the peace treaty with Egypt.

But the Liberal party, Herut's partner in the ruling Likud bloc, objected to this appointment. The Liberals want the Treasury portfolio for one of their own members. The premier was therefore, expected to postpone announcing his choice to the Knesset yesterday evening as planned.

Mr Shamir indicated to some Liberals that he might resign if the party objected to his choice.

One of the problems which faced him in his choice was the rivalry within the Liberal Party between Mr Yitzhak Nodal, the Energy Minister, and Mr Gideon Patt, the Industry Minister. Seeing the prized portfolio apparently slipping from their grasp, the Liberals said yesterday evening that they had decided on Mr Patt as their candidate for the finance portfolio.

Even as the political crisis deepened, there were indications that some of the most pressing economic troubles may be easing. Agreement was reached yesterday on reopening the Tel Aviv Stock Exchange and the Bank of Israel said that for the first time in weeks the public sold more dollars than they bought.

While the commercial banks reported that they sold U.S.$12m in cash and travellers cheques, yesterday, Dr Moshe Mandelbaum, governor of the Bank of Israel, said the central bank had bought back $15m from the public.

It was the rush to buy dollars which had threatened the collapse of bank shares and led to the closure of the Tel Aviv exchange more than a week ago.

THE LEX COLUMN

Confidence tricks in Hong Kong

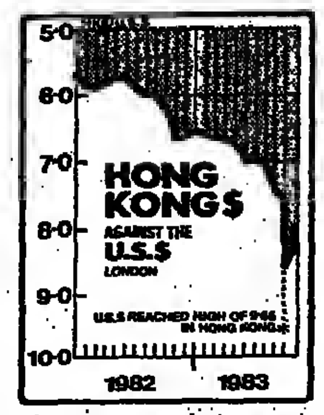
By pegging its currency to the U.S. dollar, the Hong Kong Government has made perfectly plain where its priorities lie. The real economy, which has been buffeted for months by the erratic movements of the Hong Kong dollar, should now be afforded a measure of protection. The danger, however, is that the weekend measures will shift the strain towards domestic interest rates and so threaten the paper economy, the weakness of which has already been amply demonstrated by failures in the property and banking sectors.

The authorities in Hong Kong had been placed in an almost impossible dilemma by the political football being played between Peking and Westminster. A fast-disappearing currency had threatened to push inflation well into double figures and has enormously complicated the budgeting calculations of the manufacturing economy. If nothing had been done, Hong Kong could conceivably have seen the U.S. dollar replacing the local currency as the dominant medium of exchange. That, needless to say, would have been a situation entirely unacceptable to the Chinese.

Given the very limited weaponry in its armoury – the absence of a central bank is not exactly helpful in these circumstances – the Government has opted for virtually the only expedient available. It might have attempted more accurately to reflect the pattern of Hong Kong's foreign trade by pegging the currency to a basket of foreign currencies but the U.S. dollar arrangement at least has the virtue of simplicity and, if the recent past is any guide, trade patterns have little influence on the external value of the Hong Kong dollar in any case.

The abolition of withholding tax on Hong Kong dollar deposits provides a necessary buttress to the scheme and may well be followed by other reforms in the banking arena – for example, an overhaul of the back-to-back loan arrangements by which foreign banks manufacture liquidity in Hong Kong.

But, whatever supporting measures are introduced, the pegging device will be fraught with risk. The reaction of the local stock market yesterday provided as good an indicator as any of the likely consequences. Overall, the Hang Seng Index rose 33 points to 771.55. The movement, however, was by no means uniform. Lightly borrowed companies, which stand to benefit from Hong Kong's buoyant export performance, posted strong gains, while the more heavily geared property groups closed well down.



The threat of tighter liquidity and higher interest rates was reflected elsewhere, with the rate for three-month Hong Kong dollar deposits rising roughly a point to 17% per cent. On the foreign exchange markets, the U.S. dollar closed at HK$7.98, close enough to the official parity to provide the authorities with some satisfaction.

The success of this scheme will be determined in part by the issuing banks themselves. The use of foreign currency to back note issuance will leave them with unmatched balance sheets. If the pegged rate comes under threat, they will be tempted to raise local interest rates to attract more Hong Kong dollar liabilities. That, in turn, might weaken the quality of their corporate loan book and put upward pressure on the Hong Kong dollar, producing possible currency losses.

The key to this scheme is confidence and that is a commodity in which Hong Kong has recently been sorely lacking. The only people who can restore it are the politicians themselves.

Flour

Competition grinds so fiercely in the milling and baking game that the sums often add up to something less than zero. Yesterday's deal between Ranks Hovis and Dalgety appears to be one of the exceptions, with both parties looking likely to gain by RHM's willingness to pay Dalgety £7m just to stop milling flour for use in RHM's bakeries.

The advantages to Ranks are fairly immediate. Instead of giving profitable milling business to a competitor, RHM will be able to put maybe another 6 per cent on to its own milling tonnage, without adding to fixed costs, while the additional volume will improve the product mix by adding to the proportion of higher-margin baker's flour. And RHM's payback is likely to be quick, since buying out the Dalgety milling contract could be worth £3m a year before interest.

With this deal, and the earlier running-off of a similar contract with AB Foods, Dalgety will have lost about 15 per cent of its Spillers milling turnover. A critical look at the shape of Spillers must be under way, with the cash from RHM giving Dalgerty more flexibility in its continuing rationalisation plans, able to put cost reductions through at higher speed.

Who gains most will hang on the trend in milling margins. If a decent increase in bread prices – say 4p a loaf – is agreed in the next few weeks, flour margins will recover part of the ground lost this year. If not, Dalgety may be the more pleased with the outcome.

Retail sales

To judge from yesterday's preliminary UK retail sales figures, most of the population spent September wheeling through swing doors on the High Street. The record index level of 118 in September has provoked dark mutterings about the integrity of the statistical series from retail analysts, who have – with rare unanimity – been predicting the end of the consumer boom for at least two months.

The September figure cannot, of course, be taken at surface value, since it must incorporate substantial purchases deferred during the hot weather of the previous two months. Sales have been further boosted by the extended tourist season in London.

Nevertheless, given the record car sales in the period, a 0.6 per cent increase in sales volume between the second and third quarters gives little indication of flagging consumer confidence. Indeed, the early pointers suggest that even the Christmas trading period will see a respectable improvement on last year.

Recent stores results have underlined how turnover gains go straight to the bottom line after a certain point. Volume gains from now on may be modest by recent standards; the impact on profits may not.

Bundesbank profits call

Continued from Page 1

gross income of businesses outside the banking and building sectors rose by about 13 per cent, seasonally adjusted, in the first half of this year, compared with the same period of 1982.

But it cautioned that heavy losses would have to be deducted because of insolvencies and payments difficulties at home and abroad. These losses had risen in 1981 and 1982 and would again be considerable, although possibly lower, this year.

The Bundesbank said that a continuing improvement in profits was essential to strengthen investment and to show that entrepreneurial risks were worth taking.

It pointed out that the gross income of businesses amounted to about 21 per cent of national income in the first half of this year, on a seasonally adjusted basis.

This was better than the 19 per cent average of the previous two years, but below the 22 per cent ratio of the first half of 1980. In the 1970s the ratio was 23 per cent, while in the 1960s it was as high as 31.5 per cent.

World Weather

		°C	°F
Ajaccio	F	19	66
Akrotiri	S	24	75
Algiers	C	21	70
Amsterdam	C	12	54
Athens	S	21	70
Bahrain	–	–	–
Bangkok	S	33	81
Barcelona	S	21	70
Beirut	S	24	75
Belgrade	S	24	75
Berlin	C	13	55
Biarritz	C	16	61
Blackpool	F	11	52
Bordeaux	C	12	54
Brussels	C	15	50
Budapest	C	15	64
B. Aires	F	19	66
Cairo	C	27	81
Cape Town	F	19	66
Caracas	C	29	84
Casablanca	S	23	73
Copenhagen	F	12	54
Corfu	S	23	73
Dublin	F	11	52
Dubrovnik	F	20	68
Faro	C	24	75
Florence	C	20	68
Frankfurt	F	10	50
Funchal	C	22	72
Geneva	C	10	50
Gibraltar	F	24	75
Guernsey	F	13	55
Helsinki	C	10	50
H. Kong	S	30	86
Innsbruck	–	–	–
Inverness	F	10	50
Istanbul	S	19	66
Jersey	F	12	54
Jo'burg	S	24	75
Las Palmas	S	29	84
Lima	S	22	72
Lisbon	C	18	64
Locarno	S	17	63
London	F	13	55
Los Angeles	S	25	77
Luxembourg	C	7	45
Madrid	S	18	64
Majorca	F	21	70
Malaga	F	24	75
Malta	R	23	73
Manila	C	26	79
Miami	C	31	88
Milan	S	20	68
Moscow	S	13	55
Munich	C	8	46
Nairobi	F	26	79
Naples	F	22	72
New Delhi	S	29	84
New York	F	16	61
Nice	S	24	75
Oporto	S	17	63
Oslo	F	11	52
Paris	S	13	55
Prague	F	11	52
Reykjavik	C	3	37
Rio de J'o	–	–	–
Rome	C	24	75
Salzburg	–	–	–
Seoul	S	22	72
Singapore	R	32	90
Stockholm	C	11	52
Strasbourg	C	12	54
Sydney	S	24	75
Taipei	C	31	88
Tangier	C	20	68
Tehran	–	–	–
Tel Aviv	S	25	77
Tenerife	S	27	81
Tokyo	S	22	72
Toronto	C	11	52
Tunis	F	26	79
Valencia	F	23	73
Venice	C	20	68
Vienna	F	17	63
Warsaw	S	11	52
Zurich	C	7	45

Readings at mid-day yesterday:

C–Cloudy D–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

Space film may be a launch pad for Glenn

Continued from Page 1

his lusty fellow astronauts to "keep your darn zippers up."

The film is anti-Washington and the space programme establishment, and if Mr Glenn does not emerge as the ultimate possessor of the right stuff (that is reserved for legendary test pilot Chuck Yeager, the first man to break tha sound barrier in 1947), he comes through in the end as a brave, and on the whole sympathetic, leader of men. If Americans want an astronaut for President, he is clearly the one to go for.

Three already much-discussed scenes develop Mr Glenn's screen image further. In a tender moment with his stuttering wife, she gigglingly agrees with his colleagues' accusation that he is a "gung-ho dudley do-right."

In another, he bucks the space establishment to spare her from an unwanted home visit by Vice-President Lyndon Johnson and the TV networks. In the third, he grimly hums the Battle Hymn of the Republic while plunging back into atmosphere from the first American orbital flight, unsure whether he is going to burn to death in the process.

Mr Glenn himself, who has spent the last nine years as Democratic Senator for Ohio, is uncertain what the impact of the film will be. He turned down an invitation to the première and has generally adopted a stand-offish attitude. It seemed more than coincidence, however, that the film opened simultaneously with his first five-minute nationwide TV commercial, which showed old film of his historic flight and stressed his heroic achievements – right down to the voice of the space controller 21 years ago wishing him "Godspeed, John Glenn."

His chief Democratic rival, former Vice-President Walter Mondale, has so far ignored the whole thing, while the White House, somewhat ironically, is pooh-poohing the idea that Hollywood can make a President. The voters were not going to base their vote on a myth created by a movie, but on the issues, said Mr James Baker, Mr Reagan's chief of staff, at the weekend.

Others were not so sure. No candidate could possibly be too upset by having a glamorous film made of his life, and the consensus among those who attended the première was that it could do Mr Glenn nothing but good. The $40m that Hollywood is spending on production and promotion is more than any single candidate is likely to spend on the entire election campaign – and for Mr Glenn, it's free. The film's backers expect up to 25m people to have seen it by the spring if it's a hit.

France near accord on Olivetti

Continued from Page 1

executive and a champion of free enterprise in Italy, has sought to cut back the French stake in his company.

What appears to have further complicated the negotiations between Sig de Benedetti and the French Government are the current negotiations between the Italian company and American Telephone and Telegraph (AT & T), the dominant U.S. telecommunications group. AT & T confirmed this month that joint-venture discussions with Olivetti were continuing.

The French Government has made no secret of its concern over AT & T's designs on the European telecommunications market and the U.S. group's link-up with Philips.

To unblock the prolonged negotiations with the French Government, Olivetti is understood to have had to pledge to buy back the remaining French interests in the Italian company should a conflict of interest arise between Olivetti's eventual joint venture with AT & T and its industrial venture with CIT-Alcatel. Olivetti, however, last night denied that it had promised to buy back this 10 per cent interest.

The French parties in the Olivetti transaction declined to comment on the Olivetti negotiations

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MAJOR U.S. BANKS FEEL IMPACT OF LATIN AMERICAN DEBT PROBLEMS

Chase Manhattan profits slide

BY PAUL TAYLOR IN NEW YORK

CHASE MANHATTAN yesterday became the second major U.S. bank to report a third quarter earnings decline. It blamed non-performing loans, particularly to Brazil and Venezuela, for some of the decline.

Chase, the third largest U.S. banking group, said its third quarter oet earnings fell by 11.5 per cent to $108m or $2.78 a share compared with $122m, or $3.20 a share in the same period last year.

The bank said its third quarter results would have been $11m lower had it not been for a change in the way it treats its loans, which brought it into line with most other major U.S. banks.

Despite this change, Chase said $224m of its loans to Mexico, $125m to Argentina, $107m to Venezuela and $42m to Brazil were determined to be non-performing at the end of the third quarter. The loans to Brazil and Venezuela alone reduced net earnings by about $6m.

In cootrast, a number of other major U.S. banks yesterday reported an increase in third quarter earnings. These included Security Pacific, the fast growing west coast bank, and First Chicago, which reported a 50 per cent surge in third quarter earnings.

The mixed results reported yesterday and last week highlight the patchy performance of the U.S. majors and also throw a spotlight oo the impact of the major banks' international lending – particularly to the financially troubled less developed countries in Latin America.

A change in state banking rules has allowed state chartered banks to extend from 80 days to 90 days the permitted grace period before loans in arrears are categorised as non-performing for regulatory purposes. This change allowed state chartered banks to move into line with those federally chartered.

But the major banks, some of which are state chartered and others federally chartered, have nevertheless adopted differing positions regarding their foreign loans, making comparisions confusing.

While Morgan said last week that its earnings, which fell by $5m to $101.1m, would have been n further $5.6m lower had it not been for the change, Security Pacific, a federally chartered bank which yesterday reported a 8 per cent increase in third quarter net earnings to 67.4m or $1.83 a share, has chosen to become more cautious, placing 60-day past due loans including those to Brazil, on a non-accrual basis, although it was not required to do so.

In contrast Chase Manhattan, another federally chartered bank, had until now adopted the 60-day grace period but said yesterday it had decided to move into line with most of the other major banks by adopting the 90-day period. Hnd it not done so, it said its earnings would have been $11m lower, of which $10m related to Brazil and Venezuela.

Chase said that, had it not been for the change, its non-performing loans, which totalled $1.9bn at the end of September compared with $1.8bn at the end of June and $1.2bn a year earlier, would have been $325m higher.

For the nine months, Chase reported earnings of $319m or $8.18 a share compared with $207m or $5.t8 a share in the 1982 period when a special loss of $1t7m or $3.49 a share related to the Drysdale Government Securities failure depressed earnings.

● Security Pacific, which reported third quarter earnings of $67.4m or $1.83 a share compared with $63.7m or $1.76 n share, said "strong profit growth in our consumer banking business and in our specialised financial services group" reflected the U.S. economic recovery and the bank's broad-based financial services diversification.

The bank said its non-performing loans increased to $905m at the end of the third quarter from $788m at the end of June and $553m a year ago, but added that about one third of the increase in the latest quarter "is due to placing 60-day past due loans to Brazil on a non-accrual status."

Mesa in Gulf Oil share acquisition

By William Hall in New York

A GROUP of investors led by Mesa Petroleum, the Texas oil company, has emerged as the mystery buyer of the shares of Gulf Oil, one of the major groups in the industry. Mesa disclosed that it has paid $630m for a 8.75 per cent stake and has another $470m to spend.

The group insists that the 14.5m Gulf shares it has bought so far have been acquired "for investment purposes."

Trading in Gulf shares has been unusually active over the last couple of months as speculation has mounted that one or more investors was building up a substantial stake. The company ranks number nine in the Fortune 500 list of U.S. corporations, but its performance has lagged behind that of its rivals in the oil industry for some time.

Last week Gulf announced plans to reorganise itself into a new Delaware holding company which would make it safer from unwelcome takeover manoeuvres and make it more difficult for individual investor groups to obtain potentially disruptive board representation.

It was revealed at the weekend that Gulf was adding to its armoury of corporate defences by preparing to increase its credit lines with its major bankers. The Pittsburgh company has traditionally been close to Mellon Bank and the latter held a 6.7 per cent stake at the end of 1982.

Mr T. Boone Pickens, who heads Mesa, has built a reputation as an astute wheeler-dealer in oil company shares over the last year and a half and has made profits af more than $100m for his company through taking strategic stakes in Cities Service, General American Oil and Superior Oil. With sales of $375m last year and net income of $130m, Mesa is a minor in the oil business compared with Gulf which earned $900m on revenues of $30.6bn last year and is capitalised at $7.8bn on the stock market.

MoDo wins long struggle for controlling stake in Iggesund

BY KEVIN DONE, NORDIC CORRESPONDENT, IN STOCKHOLM

MODO, Sweden's third largest forest products group, has acquired a majority shareholding in Iggesund, another important Swedish producer of timber products, pulp and board in a deal worth SKr 297m ($38m).

MoDo already had a substantial minority holding in Iggesund, but it has now decided to buy a further 23 per cent interest in the group from Stora Kopparberg, Sweden's second largest paper and forest products group, raising its stake to 55 per cent.

MoDo is seeking an early meeting of Iggesund shareholders in order to elect a new board in line with its majority position and to review the position of Iggesund's top management.

MoDo's acquisition of Iggesund is the culmination of a protracted power struggle in the Swedish forest products industry, wbicb began in early 1981 when the two big groups, Stora Kopparberg and Billerud, tried to take control of the company.

That bid was partly thwarted by MoDo, and Stora Kopparberg was left bolding only 23 per cent of the Iggesund equity.

Iggesuod, which had sales last year of SKr 2.1bn, has gone through a series of far-reaching restructuring measures aimed at concentrating its operations in the principal areas of forest products and chemicals in an attempt to restore group profitability.

A SKr 11m loss before tax and allocations in 198t was turned into a SKr 72m profit last year, and pre-tax profits more than trebled in the first seven months of this year.

MoDo, Iggesund's new parent company, is also enjoying a distinct improvement in its trading performance. In the first eight months of the year it produced a SKr 112m profit, before extraordinary items, tax and allocations – compared with a SKr 89m loss in the corresponding period last year.

Pulp deliveries jumped by 37 per cent in volume in the first eight months of the year compared with the corresponding period of 1982, and deliveries of fine paper rose by 8 per cent, helped considerably by last year's t6 per cent devaluation of the Swedish krona.

Group turnover rose by 25 per cent to SKr 3.6bn compared with SKr 2.9bn a year earlier. The group's financial position has also been strengthened considerably through the recent sale of substantial hydroelectric power holdings for nearly SKr 1bn.

The company said margins for most of its principal products were now satisfactory and it expected at least to double the profits of the first eight months in the last four months of the year.

NCR increases net income to $70m

BY OUR NEW YORK STAFF

NCR, the U.S. computer manufacturer, increased its net income in the third quarter by 40 per cent to $70.2m but Control Data, another leading U.S. computer company, managed to increase its net income in the same quarter by only 5 per cent to $40.7m.

NCR, whose earnings were boosted by a $8.4m gain on securities sales, says incoming orders were np "very substantially" during the third quarter. The surge occurred in the company's main geographic markets and across all product categories. The company says the increases are "most encouraging with respect to the outlook for 1984."

Revenues in the third quarter rose 4.5 per cent to $878m and for the nine months were 5 per cent higher at $2.6bn. Net income in the first nine months totalled $173.2m up from $140.4m in the comparable period of last year.

NCR says it expects continued earnings growth in the final quarter of the year but not at the rate experienced in the latest quarter.

Insurance downturn cuts Amex growth

BY OUR NEW YORK STAFF

AMERICAN EXPRESS, the fast-growing financial services group, yesterday reported a smaller-than-expected, 11 per cent, increase in third-quarter earnings and blamed a 25 per cent drop in its insurance subsidiary's profits, which offset gains in most of its other businesses.

As a result, American Express's share price plunged in early trading before recovering slightly to show a $1¾ decline at $36 share by lunchtime.

The company said net income in the third quarter increased to $180m or 88 cents a share from $163m or $0.85 a share in the 1982 third quarter on revenues up from $2.1bn to $2.5bn.

The latest quarter results helped, to lift nine-month income to $537m or $2.64 a share, a 26 per cent rise over the $425m or $2.21 a share earned in the same period last year.

Mr James Robinson, the group's chairman, said the results justified the company's strategy of diversification to produce a "balanced financial services company".

KemaNobel doubles profits

BY DAVID BROWN IN STOCKHOLM

KEMANOBEL, the Swedish chemicals group, has announced it has more than doubled pre-tax profits after extraordinary items for the first eigbt months ending August to SKr 331m ($43m) from SKr 149m in the corresponding period last year.

Sales climbed 49 per cent to SKr 3,7bn, 18 per cent of which was generated by the Nordsjö paint company acquired in November last year.

The management is predicting a pre-tax result (excluding possible extraordioary items) of SKr 450m for the full year, compared with SKr 221m for 1982, and foresees improvements in all business areas.

Operating profit rose from SKr 149m last year to SKr 364m. Net financial costs climbed 61 per cent to SKr 77,8m, due to costs associated with the acquisition of both Nordsjö and a manufacturing plant in the U.S. operating under the name KemaNord Inc.

When associated companies in which KemaNobel holds a minority share are included, the earnings figure is iocreased to SKr 327m. An extraordinary item of SKr 3.3m is added to reach the pre-tax figure.

The biggest improvemeot came in the plastics and industrial chemical division, where operating results increased almost threefold to SKr 141.5m on sales of SKr 975m. The company announced this August that it will sell its holdings in PVC and polyethylene production and withdraw from the petrochemicals industry in a deal with two other Nordic companies, Norsk Hydro, Norway's biggest company, and Neste, the large Finnish state oil and petrochemicals company, in a deal which could be worth SKr 1bn. Final details are expected to be settled at the start of next year.

Mr Ove Sundberg, group president and ebief executive officer, has said the company will concentrate on traditional sectors. These include bleaching chemicals used for the pulp and paper industry, in which the company retains significant holdings.

The glues and paints divisioo increased sales from SKr 373m to SKr 935m, and profits were up 280 per cent to SKr 81m.

U.S. West in bid for full UK listing

By Andrew Baxter in London

U.S. WEST, one of the seven independent regional holding companies to be formed through the break-up of American Telephone & Telegraph, plans to seek a full listing on the London Stock Exchange.

The company hopes to have the listing shortly after January 1, when the break-up takes effect. With assets of about $15bn, U.S. West would be one of the largest U.S. companies to be listed in London.

The move reflects a desire by the new companies to become more widely known throughout the investment community. Mr Howard Doerr, chief financial officer, said in London this week that the listing would also help U.S. West with any Euromarket offerings from within the group. Its telecommunications subsidiaries will be the present AT & T subsidiaries, Mountain Bell, Northwestern Bell and Pacific Northwest Bell.

Full financial details and forecasts for the new companies are expected next month

Advance for Hospital Supply

BY OUR FINANCIAL STAFF

AMERICAN Hospital Supply, the major U.S. manufacturer and distributor of health care products, lifted third quarter net earnings to $56.2m or 75 cents a share, against net income from continuing operations of $43.8m or 61 cents.

The 1982 figure excludes $27.8m from discontinued operations, making a final net $71.6m or 99 cents a share. Sales in the latest quarter rose from $745.2m to $839.5m.

The nine month earnings were $158m or $2.13 a share against net on continuing operations of $125.3m or $1.73. Sales rose from $2.18bn to $2.47bn.

The latest results are well in line with American's medium-term growth forecasts. Mr Harold Bernthal, chief operating officer, said in London last week that he expected earnings to increase by 17–19 per cent a year over the next three years.

The company, which last year manufactured about 44 per cent of the products it sold, intends to increase the proportion of manufactured goods, where margins are higher. It intends to spend $600m on research and development from 1984 to 1988, against $250m in the past five years.

Mr Bernthal said that a new system for reimbursing treatment costs for Medicare patients, based on a fixed scale of charges, would spur research into treatment aiding earlier and better diagnosis, as this would help hospitals cut costs.

Interim slide for Lafarge Coppee

BY DAVID HOUSEGO IN PARIS

LAFARGE COPPEE, the French-based international cement group, suffered a further sharp setback in earnings in the first half but expects an improvement by the end of the year.

Net consolidated profits fell in the first six months to FFr 39.4m ($4.92m) from FFr 84m in the corresponding perind of 1982. Turnover rose by 6 per cent to FFr 8.3bn, of which 5 per cent was due to changes in the structure of the group and to parity changes.

A turnround is expected largely because of the improved prospects for the U.S. market, where Lafarge Corporation – the newly formed holding company for the group's two wholly owned subsidiaries, Canada Cement Lafarge and General Portland – still made a loss in the first half.

Reflecting the pick-up, cement deliveries by General Portland rose by 16 per cent in the first half.

Canada Cement's results also showed an improvement. Overall, Lafarge Corporation turned in a $3m profit in the second quarter.

Fall in debt costs gives Lockheed lift

By Terry Dodsworth in New York

DESPITE A sluggish trading performance, Lockheed, the U.S. aerospace company, recorded an 8 per cent increase in net third quarter earnings as it reaped the combined benefits of n sharp fall in its borrowings and the reductions in interest rates.

Interest expense fell from $298m in the same period of last year to $13.3m. While long term debt was cut to $405m at the end of September compared with $884m at the year end.

The company said yesterday that its deteriorating performance at n trading level, where profits fell from $120m to $117m, was largely due to the absence this year of favourable cost performance adjustments on certain missile, space and electronics contracts. But after taking into account its reduced interest charges, net earnings rose from $55.1m to $59.6m, or 93 cents a share after a three for one share split.

Lockheed added that it has been hit by increased costs in the competition for new business this year. Nevertheless, the group appears to be moving into a more expansionary phase with an order backlog that has reached $5.7bn against $4.9m a year ago.

New orders in the third quarter also rose, going np to $1.4bn against $1.1bn in the comparable period of last year, and included only a fraction of the space shuttle processing contract which the company was awarded in mid-September.

Uddeholm cuts loss through assets sale

BY DAVID BROWN

UDDEHOLM, the Swedish special steels group, has reported an increase of SKr 46m ($5.9m) in operating results to SKr 39m for the eight months ending August. Sales were ahead by 12 per cent to SKr 2.4bn.

The group said the sale of Hydropower assets bad reduced operating results but enabled it to bring down its interest burden. Net financial costs for the period declined 12 per cent to SKr 169m, bringing the loss before extraordnary items to SKr 130m, compared with the SKr 200m loss last year.

Uddeholm posted an extraordinary item of SKr 87m from the sale of shares, reducing the pre-tax loss to SKr 43m. The group had pre-tax losses at the same time last year of SKr 326m, due in part to an extraordinary debit of SKr 126m.

The steel division improved operating results from a SKr 32m loss to a profit of SKr 86m this year, thanks mainly to extensive capacity cutbacks. The devaluation of the krona did not permit pricing changes because of worldwide overcapacity and low demand, the report stated.

The company has been saddled with the beavy cost of a restructuring programme. Uddeholm reached agreement with the Government in March on n rescue package for its loss-making Nyb stainless steel enterprise, but this has been beld up pending disposition of the special steel restructuring plan agreed during the summer between Sweden's five major steelmakers, which is to take effect at the start of next year.

The group forecast simply the fullyear results will be "better" than the eigbt-month figures, and that demand in the last four months would improve "somewhat".

New group to trade in biotechnology

By David Brown

A GROUP of Swedish investors has formed a biotechnology trading group, Skandigen, to act as a broker for the country's biotechnology industry.

The company, with an initial private share capital of SKr 40m ($5.1m), will be led by Professor Beirtil Åberg, a well known scientist who will leave the presidency of KabiGen, a subsidiary of Cardo, to "develop new ideas and make use of great capacity left in existing laboratories in different countries."

Initially, the new company will concentrate on trading production and purification methods, licences and hybridised bacteria, Professor Åberg said.

There will be "no production facilities whatsoever" said Mr Thomas Fiscber, who is leading the group of Swedish investors.

Mr Fischer said the SKr 40m would be invested with the aim of providing working capital, and forecast the investment could yield a rate of return of about 15 per cent.

Drug company hits a record

By Our Financial Staff

AMERICAN HOME PRODUCTS has reported record sales and earnings for the first nine montha of the year.

The U.S. food and pharmaceuticals group, which has major interests in prescription drugs and over-the-counter medicines, raised net profits from $144.76m to $164.04m, or from 93 cents to $1.05 a share, in the third quarter.

This took the nine-month total to $464.11m, against $415.9m, or to $2.96, against $2.67. Sales for the quarter rose 2.5 per cent to $1.24bn.

Fram in joint venture

BY JAMES BUXTON IN ROME

FRAM CORPORATION, a subsidiary of Bendix and Allied Corporation, is to set up a joint venture with Compagnie Industriale Riunite (CIR), the Italian Industrial group controlled by Sig Carlo de Benedetti, Olivetti's chairman and largest Italian shareholder.

The two companies will merge their European operations in the manufacture of automotive filters into one company, which will be owned 60 per cent by CIR and 40 per cent by Fram. It will manufacture and market under the Fram trademark.

The companies involved in the transaction are CIR's subsidiaries, Fiaam, of Mantua, and Sofil, of Castelfranco, both in Italy, and Fram Europe's subsidiaries in the UK, Holland and Sweden.

The new company will have about 1,000 employees and is expected to achieve first-year sales of L100bn ($63m). The companies hope to benefit from the wide distribution network and rationalisation thet the merger will bring.

Allied Corporation, which recently acquired Bendix, is among the 25 biggest U.S. companies. CIR operates in such fields as tobacco processing machinery, tannery, railways signalling equipment and industrial components.

Phone group lifts earnings

By Our Financial Staff

CONTINENTAL TELECOM, the third largest non-Bell telephone company in the U.S., lifted third-quarter earnings from $38.6m or 57 cents a share to $45.4m or 64 cents, with revenues up from $468.2m to $537.4m.

This lifted nine-month earnings to $125.7m or $1.79 a share against $112.5m or $1.65. Revenues rose from $1.37bn to $1.55bn. Results for the 1982 periods were restated to reflect acquisitions.

Continental's rise in profits continues the trend set last week by United Telecommunications,

Kosmos to raise $12m through rights issue

BY FAY GJESTER IN OSLO

KOSMOS, the Norwegian shipping and industrial group that bas been seeking to acquire control of Saugbrugsforeningen, a forest products company, is planning to raise NKr 90m ($12.2m) of fresh capital througb a one for two rigbts issue.

The issue would lift share capital from NKr 72m to NKr 108m. Existing shares, with a par value of NKr 100, would be split into four NKr 25 units before the new shares are offered, from November 11 to 25.

The NKr 62,50 price proposed for the rigbts issue shares corresponds to NKr 250 per sbare before the split. It compares with yesterday's Oslo market price of NKr 510 per share.

The board is also seeking authorisatioo for a later, additional NKr 24m increase in share capital to NKr 132m.

Kosmos offered Saughrugsforeningen shareholders a price of NKr 225 per share (par value NKr 100), subject to certain conditions. This is nearly 50 per cent above the shares' market price when the offer was announced, late in August.

One of the conditions for the deal was that Kosmos should secure at least 90 per cent of the Saugbrugsforeningen shares. This condition is believed to have been met, and a formal announcement of the takeover is likely in the fairly near future.

Canada backs helicopter plan

By Robert Gibbens in Montreal

CANADA's federal and Quebec governments plan to invest up to C$375m (U.S.$305m) in a C$750m helicopter production programme with Bell Helicopters, part of the U.S. Textron group of Fort Worth, Texas. They will provide up to $275m in grants for a plant to build Bell 400 Twin Ranger, 400A and 440 helicopters at Mirabel Industrial Park, near Mirabel International Airport.

Ottawa will also contribute C$100m towards the $250m cost of developing a new helicopter turbine being built by Pratt & Whitney, to power the Bell 440.

Restructuring decision on Daon debt delayed

BY NICHOLAS HIRST IN TORONTO

MEETINGS OF debenture holders and shareholders to agree to a restructuring of Vancouver-based Daon Development Corporation's C$1.77bn (US$1.43bn) in debt have been adjourned.

Too few proxies were sent into the company to provide the necessary quorum at meetings of differing classes of shareholders and debentore holders in Vancouver last Tuesday, Wednesday and Friday.

The company stresses, however, that the proxies received so far have been overwhelmingly in favour of the scheme, which involves bank lenders and debenture holders accepting shares instead of cash interest for a three-year period.

Adjourned meetings will be held in Vancouver from October 27. At the adjourned meetings it will not be necessary to have a fixed number of proxies to vote on the plan. If insufficient proxies are received for further meetings to be held tomorrow and on Thursday, they too will be adjourned.

Provided the restructuring is agreed, Daon intends to make a C$160m rights issue and share placement to be underwritten by British and other investors outside Canada.

Amfas scotches rumours of further losses

BY WALTER ELLIS IN AMSTERDAM

AMFAS, the Dutch insurance group, which last year lost Fl 68m ($23m) is emerging this week from another, wholly unexpected, period of turbulence.

A walkout last Wednesday by all three members of the group's board of management led to rumours about the company's future. These included the possibility of big losses again in 1983 and the possibility that Amfas was going to seek sanctuary in the arms of one of its larger rivals.

In the event, both rumours were scotched at a hastily convened news conference. Amfas was on target for a Fl 6m profit this year and it had no intention of allowing itself to be taken over by Nationale Nederlanden, Ago or Amev, each of which has a substantial holding in its equity.

The board of management had resigned – without warning – apparently because, following last year's losses, they were "less able to associate themselves" with the company's policies.

Last December, Amfas announced that it had recorded a loss of Fl 60m for 1982, including provisions of Fl 137m intended to cover both last year and 1983. Then, in April, it announced that the loss was in fact Fl 68m, with increased provisions in the marine insurance sector having added to the total.

An appearance was created of a company determined to put everything bad safely behind it, so that it could start off with a clean slate moving into the present year. No final dividend was declared.

The strategem worked, and a first-half profit for this year of Fl 3m was announced, with a further Fl 3m to be added by the end of December.

Serious problems in the international insurance field incurred by the London end of the Seven Provinces division had been resolved. New Senior staff had been installed, and all in the Amfas garden seemed well.

In this context, the sudden resignation of Mr Leon Collignon, the 60 year-old chairman of the board of management, and his two colleagues, Mr J. J. van Luijk and Mr Jan de Vries, appeared strange.

In June it had been disclosed that Mr H. J. J. van Bussel, formerly with Volvo Car, would join the board and eventually take over from Mr Collignon. It was also announced that Mr R. G. Jonkman, ex-Gist Brocades, would join the board. This has now happened, but the transfer has been abrupt, not smooth, as bad been planned, and the departure of the board leaves unanswered questions.

Broströms slips into loss at 8 months

BY DAVID BROWN

BROSTRÖMS, the Swedish shipping group has reported a loss before tax but after extraordinary items of SKr 52m ($6.6m) for the eight months ending August compared with a profit of SKr 20m for the same period last year.

Sales declined 28 per cent to SKr 945m. Operating profits fell to SKr 29m after depreciation against SKr 168m last year.

Ship sales added SKr 10m to the results.

Net financial costs were significantly down from SKr 168m last year to SKr 119m. Exchange losses grew somewhat to SKr 75m but an extraordinary gain of SKr 16m and deconsolidation of a Dutch subsidiary, ICT, which was valued at SKr 85m, reduced the pre-tax loss.

The poor results were attributed to the weak state of the world shipping market, and particularly that of the U.S. Dry cargo, tanker and freight operations were all affected.

No major improvements in demand are seen before the end of the year.

Foreign issue of Nakasone bonds back on the agenda

BY YOKO SHIBATA IN TOKYO

Japan's Finance Ministry is studying the feasibility of floating abroad the government-backed "Nakasone bonds". The move is in response to increasing pressure from the U.S. government for steps to bring the undervalued yen up to a higher level by facilitating capital inflow into Japan.

However, before such bonds can be floated abroad several obstacles have to be cleared including the revision of existing laws. "The ministry plans to make ready legislation so as to be able to float such bonds any time the yen's exchange rate is under heavy downward pressure, even though the flotation of the bonds would not be formally announced as part of an overall economic package," said an official.

In order to ward off criticism from the U.S. that Japan is promoting exports by allowing the yen to fall and thereby promoting a domestic business recovery, the Japanese Government has placed most importance on overseas economic counter-measures such as easing increased imports, or increasing the inflow of capital.

The new economic package is expected to include the stimulation of domestic demand through additional public works, set at around Y1,700bn-1,800bn and the easing of access for foreign imports by creating a bankers' acceptance (BA) market, and by allowing a greater capital inflow through foreign issues of yen-denominated bonds.

Nakasone bonds are designed to encourage the inflow of capital into Japan so as to rectify the yen's exchange rate against the U.S. dollar. The concept is modelled on President Carter bonds, launched by the U.S. when it tried to curb the fall of the dollar through flotations in the Deutsche Mark and Swiss Franc markets in 1978.

Japanese Prime Minister, Mr Yasuhiro Nakasone instructed the ministry to study the creation of such bonds last November as a means of financing the government's serious budget deficit as well as of facilitating capital inflow so as to achieve an improvement in the yen's exchange rate. However, the idea of Nakasone bonds was originally shunned by both the ministry and the city banks.

Of late, however, the flotation of the bonds has come back into the limelight when Washington asked Japanese Government to put the issue of the yen-dollar exchange rate on the agenda at the summit meeting due during President Reagan's visit to Japan in November.

The Finance Ministry is believed to want to show its willingness to have a higher yen through legislative preparation for the issue of Nakasone bonds, even though it will not be included in the economic package prepared before the U.S. president visits Japan.

As an advocate of the new economic package, the Japan Development Bank's (JDB) issue of government-guaranteed bonds in New York, believed to be of "Nakasone bonds in a different form" is being welcomed, because it can be done without change in the law. JDB has decided to issue Y100bn in the current fiscal year, ending March 1984.

Inquiry sought into BMF loan scandal

By Wong Sulong in Kuala Lumpur

TAN SRI Kamarul Ariffin, the former chairman of the state-owned Bank Bumiputra, who has been a central figure in the bank's massive loan scandal in Hong Kong, yesterday came out in support of a Royal Commission of Inquiry into the affair which has severely undermined the credibility of the Government.

Mr Lik Kit Siang, the opposition leader, is also demanding such an inquiry which has been rejected by the Government.

Tan Sri Kamarul said many people, including Dr Mahathir, the Prime Minister, had been "unfair" focussing the bank's troubles on him, while he was unable to reveal what he knew and defend himself because of banking laws on secrecy.

He reiterated that he knew nothing of the estimated U.S.$500m to U.S.$850m lent by Bumiputra Malaysia Finance, the bank's subsidiary, to Hong Kong property companies.

He said he resigned in March 1982, but had not been in control of the bank since August 1981 when he went on leave.

"I did not attend any board meetings between August and December 1981, and the directors who approved the loans, did not bring them to my attention."

A statement from Bank Bumiputra yesterday confirmed that some loan disbursements were made in 1982, but added "the history of loans to the Carrian group began in late 1979."

Tan Sri Kamarul said he was being made a scapegoat for the doubtful loans and hinted that top ranking Malaysian officials could have been involved.

Last week three senior officials resigned, including two directors of Bank Bumiputra.

The resignations will, it is believed, open the way for Mr Mohamed Basir Ahmad to join the bank as executive director charged with resolving the BMF issue. Mr Basir, husband of Rafidah Aziz, the Minister of Public Enterprises, is currently an adviser to Bank Negara, the central bank.

South Korean bank reforms urged

BY ANN CHARTERS IN SEOUL

PRESSURES FOR a reform of the South Korean banking system are mounting following the arrest on Saturday of Mr Lee Hun-Seung, president of the Cho-Heung Bank. Mr Lee has been charged with accepting bribes in a multi-million dollar scandal that has led so far to the arrest of 28 former bank officials and company executives.

The arrest of Mr Lee, head of South Korea's fifth largest commercial bank, is a further blow to public confidence in the country's banking system. The scandal at Cho-Heung is the third to hit banks here in the last 18 months.

Mr Lee resigned from the presidency of the bank last week claiming that he accepted a "moral responsibility" for the issuing by his employees of 176.8bn won (U.S.$224m) in promissory notes to two companies. He has now been charged with accepting 200m won to help one of these companies, Yongdong Development, obtain such loans.

Investigators at the Seoul prosecutor's office are meanwhile seeking the extradition from the U.S. of the former vice-chairman of Cho-Heung Bank and the presidentof Shim Han Cast Iron who both fled after the scandal surfaced last month. Also being sought is the president of Yongdong Development, whose mother, the company chairman, is already under arrest.

South Korea's new ministers, sworn in only on Saturday, now face the thorny task of how best to shore up the banks while continuing with previously announced plans fot a gradual liberalisation of the country's banking system.

AMIC to transfer African Products to Tongaat

BY OUR JOHANNESBURG CORRESPONDENT

ANGLO-AMERICAN Industrial Corporation (AMIC), the industrial arm of the Anglo-American mining house, is to consolidate its food interests by transferring the wholly-owned African Products to Tongaat-Hulett. The acquisition price of R86m (US$77m) will be settled by a R3.1m cash payment and the issue of 9.5m new Tongaat ordinary shares to AMIC.

AMIC's interest in Tongaat will increase to 38.4 per cent from its present 28.1 per cent. Anglo-American's shareholding in Tongaat will remain unchanged but its interest in the enlarged Tongaat will be 9.6 per cent.

African Products processes maize to make industrial products such as starch, dextrines and glucose. In 1982 it earned taxed profits of R7m. At present it is engaged in a R31m expansion programme.

Tongaat is a diversified industrial group with interests in sugar, foods, textiles, building materials, and aluminium processing. In the year to March it earned pre-tax profits of R46.3m on turnover of R192m.

Casio Computer well ahead

TOKYO—Casino Computer will report later this month record parent company recurrent profits of Y7bn ($30m) for the six months to September, compared with an earlier estimate of Y6.80bn and the Y6.24bn achieved in the same period of last year.

All sectors of the company have increased sales, and improved quality and lower production costs also contributed to higher profits.

First-half sales rose to a record Y87.50bn against an earlier estimated Y84bn from Y77.71bn last year.

Sales of personal computers and electronic music keyboards were good, and quartz watch sales rose by 11 per cent.

The company has made no change in its predictions for the full year to March of a yen recurrent profit of Y14bn and sales of Y173bn.

Reuter

Lower tourist spending hits Robinson and Co.

BY CHRIS SHERWELL IN SINGAPORE

SHARPLY LOWER spending by tourists has led Robinson and Co, Singapore's most prestigious department store, to report its first-ever operating loss of S$1.32m (US$379,000) for the years to June.

Mr C. W. Tresise, Robinson's chairman, said that a "dramatic downturn" in tourist spending in the city-state and the fact that prices in Singapore are no longer "attractive" to the visitor had led to the fall in sales. "Their numbers are fewer and those who come spend less," he commented. Tourist numbers are currently 10 per cent lower than last year.

Robinson's sales fell from S$69.72m to S$68.57m in the year just ended. The company's financial position is being shored up by gains on its investments, S$7m in the past year, and this should enable it to withstand the existing adverse trading conditions.

Mr Tresise said that intensely competitive conditions are reducing profit margins and adding to the expense of sales promotions and advertising. Other costs are also rising.

On prospects for the current year Mr Tresise said that these were not encouraging and that the outlook for the next two years was not promising.

Many retailers in Singapore are believed to be suffering at present. Tourist numbers are down and action by neighbouring states, such as Indonesia which has imposed a tough exit tax on travellers, have reduced the potential for growth in this sector.

Shopkeepers also have to face high rents in the newly built shopping centres — many of them constructed in the expectation of expanding tourist numbers. The strength of the local currency against the U.S. dollar has further complicated their problems.

Bombay Stock Exchange lifts forward trading curbs

BOMBAY — The Bombay Stock Exchange is to lift existing curbs on forward trading from tomorrow to boost the volume of business.

The exchange imposed the curbs on June 16 to cope with agitation by brokers' staff demanding higher wages. Fresh trading was limited to spot deals settled on a cash basis.

The ceiling has now been lifted, but daily cash margins are being imposed on fresh business to curb excessive speculation.

Increased business can now be carried forward subject to payment of normal contango charges and margins are refunded when deals are squared.

Brokers said the lifting of curbs will boost trading, which has fallen to 25 per cent of normal volume in the last three months.

Reuter

Fisons aims for growth in America: issues notes

By Carla Rapoport

WITH THE aim of boosting its profile in the U.S., Fisons, Britain's fast-growing health care and agriculture group, is raising $15m from leading American financial institutions.

In a deal which is believed to be the first of its kind by a British company, Fisons intends to offer guaranteed convertible notes due 1998 for private placement with U.S. institutional investors. These will be converted into Fisons' ordinary shares at a price yet to be determined.

With an eye on the increasing American investor interest in both Imperial Chemical Industries and Glaxo, the directors of Fisons are keen to boost the American investment in their company. Along with those aforementioned companies, Fisons' sales in the U.S. have been growing rapidly, particularly in its pharmaceutical and scientific equipment businesses.

Fisons said yesterday that the primary objective of the U.S. fund-raising exercise was to "lay the foundation in the U.S. for expansion."

The group's U.S. shareholding, traded through American Depositary Receipts, is around 2 to 3 per cent of the group's equity. If this percentage increases substantially within the next year or so, it will be only a matter of time before the group seeks a listing for its shares in New York, Fisons said.

The marketing of Fisons' convertible notes, which is expected to be completed by the end of next month, is being handled by Goldman Sachs in New York. The coupon is still to be determined.

Fisons' shares, which closed in London last night at 647p, are currently more than 50 per cent higher than their level of a year ago.

Parker Knoll

Shareholders' funds of Parker Knoll, furniture maker, totalled £16.01m at the year ended July 31 1983, compared with £14.71m, and net current assets were £7.37m, against £6.72m.

Group fixed assets amounted to £9.77m (£9.56m) and liquid funds increased by £335,000 (£3.22m decrease).

Results for the 12 months were reported on September 27 in a full preliminary statement with prospects.

Bryant Holdings' profits fall by nearly £2m

A LOWER level of profit, as anticipated in last year's chairman's statement, is reported by Bryant Holdings, West Midlands' property investment, homes and property development and construction group, for the year to May 31 1983.

The pre-tax figure slipped from £9.6m to £7.7m, but the lower level was relieved by a substantial reduction in the tax charge—down from £2.91m to £1.41m—arising from adjustments in respect of prior years and increased stock relief. First half pre-tax profits were down from £4.51m to £3.47m.

This has resulted in full year earnings per 25p share showing only a modest decline from 8.3p to 7.9p. The final dividend is effectively raised from an adjusted 1.5p to 1.65p net for a total of 2.2p against 2p.

Group turnover advanced from £72m to £85m, and the directors say this upturn arose largely from increased activity in the private homes market, both in the South and the West Midlands.

Operating profits fell from £7.68m to £5.63m, but net property revenue improved from £1.46m to £1.83m. Associates' profits were £278,000 against £413,000. After tax, attributable profits were only slightly lower at £6.32m (£6.64m). Dividends absorb £1.77m (£1.61m), leaving £4.55m (£5.03m) for transfer to reserves.

Reserves at May 31, 1983 stood at £29.77m compared with £35.2m.

Commenting on the year's figures, Mr Bryant says the contracting division operated profitably and it continued to benefit from settlements of old contracts. In addition, there were increased earnings from property investments.

Although the private homes activity increased by greater investment and aggressive marketing, it was only achieved at the expense of margins. This was due to the highly competitive circumstances existing during the period in the geographical areas in which it operates.

Mr Bryant adds that, as a matter of policy to protect the future, the group has continued to make additions to its land bank, and this now stands at £33.8m (£31m). This investment is largely for homes development and represents approximately five years supply at the present level of sales.

The balance sheet, he says, is stronger than last year, even though bank borrowings are £1m higher at £8.3m. This figure remains at only 16 per cent of shareholders' funds and is a very satisfactory ratio for a capital intensive business.

He says the homes division had quite a satisfactory year—despite the nation's economy "bouncing along the bottom." June began with high interest rates and declining enthusiasm on the part of the customer.

The lower interest rates prevailing during the Autumn gave a shot in the arm for the second half of the year, while the availability of the all-important mortgage funds fluctuated severely.

The company's main profit, he says, still comes from the high quality more expensive homes for which it has a sizeable land bank. It is also active in the sheltered housing market of retirement flats for senior citizens.

In an increasingly competitive market, it had to enlarge its promotional expenditure, and apart from the mainstay of the local, and to a lesser extent the national press, it spent heavily on local radio and regional television. This, together with the slow growth in house prices, had an adverse effect on profit margins.

Switching to property investment, Mr Bryant says this continues to provide solid asset backing for the group, though the present economic climate has made the viability of future investments even more difficult to assess.

Three-quarters of the portfolio is freehold compared with just over half last year. Net rental income has again increased, not only from rent reviews and new properties coming on stream, but also from the purchase of freeholds.

While construction activity nationally is still at a low level and very competitive, he reports that the contracting division has again operated profitably.

The traditional base, the West Midlands, suffered considerably, particularly in the industrial and commercial sectors. The group is now well-established in the Thames Valley, centred on Bracknell, and has been successful in obtaining contracts in this more active construction market for new commercial and industrial clients.

Of the future, Mr Bryant says he expects the contracting division to make a similar contribution to that of last year in both turnover and profits. Property investment income will increase from rent reviews and new lettings. The recent reduction in base rates and the success of the building societies in attracting savings, will be of benefit to the home building industry.

He anticipates that results for the group for the new financial year will be satisfactory to shareholders.

● comment

Bryant spread southwards to protect itself against the recession in the West Midlands property market only to run into a tangle of planning restrictions in the Home Counties. So the group has had to struggle to achieve an 18 per cent increase in turnover, which was entirely due to a commensurate increase in house completions to 1,900. Marketing costs rose sharply in a highly competitive environment and prices, especially in the West Midlands, lagged far behind, with the result that pre-tax profits were down by 19 per cent. At the same time, the balance sheet is comparatively clean for a housebuilder and property developer. Gearing rose a couple of points to only 16 per cent of shareholders' funds to finance extra work in progress and additions to the land bank. The latter stands at five years' supply and could have a market value of around £44m. But the market was more interested in profits, so the shares slipped 4p to 50p. If the Midlands cheer up, Bryant could make £9m before tax in the current year, which puts the shares on a prospective fully taxed multiple of nearly nine.

HIGHLIGHTS

After briefly looking at the state of play in London markets the Lex column moves on to the latest events in Hong Kong and comments on the market's reaction there to the weekend's moves. The column then returns to events closer to home by assessing the latest retail figures and what they mean for the British stores sector. Lex finally comments on the severance of a long standing flour contract between Dalgety/Spillers and Ranks Hovis McDougall. On the bids scene Norton Opax, which recently made an abortive attempt to gain control of Waddington, the famous board games group, has popped up with a £4½m purchase of a security printing company.

Erith expands in first half

FOR THE six months ended June 30 1983 builders' merchant Erith reports an 18 per cent increase in sales and a 25 per cent advance in profits before tax.

And Mr Gordon Fisher, chairman, expects the present level of activity to continue through to the end of the year and profits to show another satisfactory increase.

Sales moved up from £17.73m to £20.88m, and represent a real increase in volume in a period when inflationary rises in prices of building materials have been low. The profit came out at £783,000, against £626,000, although margins have come under pressure as a result of keen competition.

The interim dividend is lifted from the equivalent of 0.7p to 0.85p net, out of earnings ahead from 1.78p to 2.76p. For the year 1982 the total payment was 2.3p from profit of £1.48m.

Charges against profit for the half-year included depreciation £225,000 (£182,000), interest paid £129,000 (£184,000) and pension fund contributions £128,000 (£119,000). After tax £255,000 (£288,000) the net profit was £528,000 (£338,000).

Erith has acquired the business of Greenwich Distributors (Building Materials), with branches at Greenwich and Carshalton which will enable the group to establish a presence in the southern and south-eastern districts of London.

An extraordinary meeting is being called for November 2 when shareholders will be asked to approve the adoption of a shares have option scheme and an executive share option scheme.

The schemes are designed to enhance the interest of employees at all levels in the company's future growth and profitability by providing a suitable method of obtaining an equity participation in it.

● comment

The market reacted coolly to Erith's 25 per cent increase in pre-tax profits and left the shares unchanged at 70p. It had become accustomed to rather more dramatic signs of revival in building supplies, like Sharpe & Fisher's 89 per cent advance in interim profits last month. In any case, optimistic noises in Erith's annual report had been discounted in the share price. The company's results appear comparatively unspectacular because its presence in the south largely insulated it against the chill felt early last year by its provincial counterparts, some of which have made radical advances from a lower base. Since Erith's market is fragmented—the bulk of sales comes from small builders in the repairs and renovation business—volumes tend to move fairly steadily. However, a squeeze on prices for basic supplies has led to a slight contraction in gross margins. If there are no major price weaknesses in the current half, Erith should make around £1.8m pre-tax for the year. The prospective yield is 5.8 per cent, assuming a final dividend of 1.9p net.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims—Brooke Street Bureau, Davies and Newman, Edith, Firmin, Harrisons and Crosfield, Hunting Petroleum Services, Walter Lawrence, London and Northern, More O'Ferrall, Municipal Properties, Ibstock Johnsen, Whittington International.

Finals—James Austin Steel, Brooke Bond, Castle (G. B.), Humberside Electronics, Paterson Zochonis, Ramus.

FUTURE DATES

Interims:—

Anglo Amer. Corp of S. Africa	Nov 8
Computer and Systems Eng.	Nov 3
De La Rue	Nov 8
Hay (Norman)	Oct 27
M.Y. Dart	Oct 20
Miller (Stanley)	Oct 21
Rock	Oct 19
Viking Resources Trust	Oct 31

Finals—

Free State Geduld Mines	Oct 20
Japan Assets Trust	Oct 24
President Brand Gold Mining	Oct 20
President Steyn Gold Mining	Oct 20
Pressac	Oct 20
United Wire	Dec 1
Wescorn Holdings	Oct 20

Danks Gowerton sees return to profit

It is the belief of Mr A. J. S. Roe, chairman of Danks Gowerton, that this steel processor, boiler and plant designer will earn a profit in the current year.

In his annual statement, he writes: "Having reviewed and reorganised those areas of our business which made losses in the year (to June 30), we approach the coming year with a belief that a profit will be earned.

"This group has some underutilised property and steps are being taken to establish management expertise in property matters to lease such facilities, and thereby minimise the holding costs."

Last week, Danks Gowerton reported pre-tax losses of £1.34m against profits of £242,000.

BPM on recovery path with £1.36m surplus

SOME RECOVERY has been madeby BPM Holdings, the newspaper publishing and retailing house, in the year ended July 2, 1983, with its profit before tax improving from £403,000 to £1.36m. The dividend is again 5.775p, the final being 4.194p.

Turnover moved up to £92.65m, compared with £89.79m. Included in the pre-tax profit was related companies contribution £267,000 (£385,000), income from other fixed asset investments £218,000 (£222,000), other interest receivable and similar income £56,000 (£24,000). Interest payable and similar charges came to £1.22m (£1.27m).

The group publishes the Birmingham Post, Birmingham Evening Mail, and Sunday Mercury, and local weekly newspapers. It operates a newsagents and confectionery chain, and shops selling greeting cards, costume jewellery and giftware. The Iliffe family and its trusts are interested in some 60 per cent of the BPM capital.

In July the group took a 15 per cent interest in Chapman Industries, by selling its subsidiary West Midland Envelopes, to Chapman in exchange for shares.

After tax £950,000 (£412,000) and last year minorities of £7,000, the 1982-83 net attributable profit comes out at £409,000 compared with a loss of £16,000, equal to 9.9p (0.5p) per share.

There are extraordinary charges totalling £1.02m (£145,000). These comprise redundancies £909,000 and stock adjustments at Supercards, the greeting cards side, £582,000, less corporation tax £467,000 (profit on sales of trade investment £145,000). The ordinary dividend absorbs £943,000 (same).

Trade value of newsagents branches has been re-classified this year as an intangible asset rather than goodwill, and for the first time the directors have depreciated the trade value of each branch over 20 years from the date of purchase. This new charge against profits amounted to £390,000.

There is no profit share to be paid to the trustees of the employee share scheme this year, as the profit before tax is less than the required £2.42m.

● comment

Just as BPM started to get its traditional newspaper business heading the right way its retail division has crept up and dealt it a mortal blow. The daily papers—and this now includes 12 free sheets—swung round from a £437,000 loss to a £1m profit and the weeklies made a £462,000 turnround to a £51,000 profit. A 2½ per cent cut in newsprint costs helped and advertising volume was up 9 per cent on its main titles, though BPM says the real motivator behind the change is 100 less names on the payroll. Undoubtedly the free sheets have made an impact and the "If you can't beat them, join them" attitude must have added a six-figure number to the profit line. Yet retail has let BPM down badly. Its newsagents put up a fine performance with a £1.2m profit against £960,000—and that was struck after £300,000 of extra depreciation. But the group managed to lose £1.1m by selling greetings cards. Shareholders will no doubt be glad to hear that divisional management has been changed. A recovery there should underpin a profits target of £2½m or so this year; good, but still a far cry from the near-£6m of 1978-79. At 102p this shares yield 8 per cent, but far more fashionable is to concentrate on the 0.8 per cent holding in Reuters.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
BPM Holdings	4.19	Dec 2	4.19*	5.78	5.78
Bryant Hldgs	1.65	Nov 30	1.5*	2.2	2*
Cradley Print	1.05	—	0.75	1.05	0.75
Erith int.	0.85	Dec 1	0.7*	—	2.3*
Nesco Inv. int.	3.5§†	—	3.5	—	7

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § In accordance with rights, new shares do not rank for this payment.

157 companies wound up

COMPULSORY WINDING up orders against 157 companies were made by Mr Justice Nourse in the High Court yesterday.

They were: S. Farid (Spectronics) Manufacturing, Greenwich Pleasure Craft, Cloaklynn, Scopecharm, T. Canham & Sons (Services), Steeplecrest, and R. J. & M. Howell & Company.

Benabella, Loamkime, B. J. Kemp Electrical, Bentley (Plymouth), Orpheus Wines, Lankester & Son (Wholesale), K. Engelgardt, Vecrose, Blackwater Rubber & Plastic Extrusions, and Villiers-Gallery.

Geoffrey Morris, Motion Picture Marketing, Breeze Gold, Lynch & Company Building Contractors, Polegreen, Betti E. Shaw Fashion & Beauty Club, Riverside (Freight Forwarding), Irongrade, and Golden Town Apparel.

Glenbridge Builders, Edwards of Longbridge, Fontalin, Zac's Blouses, Aerofon, Speke Autocare (Body Repairs), Capital Data Services, and John B. Hogg & Company.

Corporacion Rio Plateado SA, Riposte Holdings, Southward Engineering Services (North Wales), Jubilique Crane Hire Company, Spectra Manufacturing (UK), Lawsons of Epworth, Buttsbridge, and Cape Container Leasing.

Muiride, Sesames (UK), Regis Ford, W. Lethaby & Company, Sealord Navigation Company SA, Crombie Builders, Autumn Upholstery, and Comet Freight (UK).

Penguin Garage, British Crane Hire Corporation, Genivco (UK), Alex Electronics, Awardlynn, Foodstuffs, C.L. Roadshows, Sherwood Advisory Systems, H Line Equipment, and Barford Flooring Distributors.

Baraprofit, J. Binning (Building Contractors), Lacrew, Sovrin Engineering, Photostatic Business Systems, Skovia International, Fruit Transportation, and Castro (London).

Icon International (Merchanting), Impact Building Services, Nedplan, P. D. & W. Nudd, Testal, Safeguard Systems (Fire), Peak Electrical Distributors, Pioneer-Lloyd, Hitch & Tow Caravan Sales & Accessories, and Asset Recovery and Protection.

Gorseglow, Langley Polishers (Witney), P. & E. Garden Machinery, Side by Side, Formwork and Conversion Company, Swallow Joinery, W. & A. Spencer (Haydock), and Trend 2000.

Change Wares Manufacturing, Clovecarla, B. A. Jay (Haulage Contractors), Klimatechnik Wolf, Chalkglow, John David Haulage, Pacific Marketing & Distribution, and Theozone.

Problem, Poole Decorations, Town and Commercial Properties (Southport), Bestglade, Beasleigh and Hatton, The New Commercial Publishing Company, F. J. Malpres, and Linkhill.

John Combat, Searider International, Plowmere, Buryford, Computer Diet Systems, Green Weatherer Chapman Roche Bros. (Listowel) Deleblake, B.B. Three, and Brookroyd.

H.S. Atkinsons Transport Services, Applied Energy Efficiency, Wheeler Green, Coates (Parkway), Magnet Transport Company, Elmec Instruments, Swift Finance, and Spectrovision Display.

New Appointments Group, Cutters, Allum Builders, Harper and Hargreaves, H. Geall, Gramvale, New City Enterprises, and Cera International.

Sumnat (Import-Export), JSO Video, Sun Holidays Universal, Datarite Terminals, D.R. Llewellyn Group Finance Consultants, Lanbourne Wells, S.F. (Film) Distributors, J.G. Lovett (Transport), Dommavale (Builders), and Europe Agency.

E.H.V. (Hendon), Shelness Transport, Wingbourne Motors, Bishopdale Properties, John McGirr (Turf Accountants), Enidglen, and Badgers Mount Stone and Building Supplies.

Stafford Transport Training, Altogs, Contrafcors Employment Company, Kayde Electronic Systems, Mercare (UK), Yamco Radio Productions, Smallwood Wallisand Co., Sitefine, Fogg Vacuum Systems, Process Dipping Equipment, Rymac, and Circlegap.

A compulsory winding-up order made on October 10 against P. J. Finch & Son was rescinded and the petition dismissed by consent, after the petitioner agreed that the company should continue in voluntary liquidation.

LADBROKE INDEX

686-685 (unch)

Based on FT Index

Tel: 01-493 5261

This Prospectus includes information given in compliance with the Regulations of the Council of The Stock Exchange of the United Kingdom and the Republic of Ireland ("The Stock Exchange") for the purpose of giving information to the public with regard to the Stock to be issued by the Commonwealth of Australia ("Australia"). Australia has taken all reasonable care to ensure that the facts stated herein are true and accurate in all material respects and that there are no other material facts the omission of which would make misleading any statement herein whether of fact or of opinion. Australia accepts responsibility accordingly.

Dated 18th October, 1983

Commonwealth of Australia

Issue on a yield basis of

£100,000,000 Loan Stock 2015

payable as to £25 per cent. on application and as to the balance by 16th February, 1984
with interest payable half yearly on 26th April and 26th October

The Issue has been underwritten by

S. G. Warburg & Co. Ltd.

County Bank Limited — **Hill Samuel & Co. Limited**

Kleinwort, Benson Limited — **Morgan Grenfell & Co. Limited**

J. Henry Schroder Wagg & Co. Limited

Application has been made to the Council of The Stock Exchange for the £100,000,000 Loan Stock 2015 (the "Stock") to be admitted to the Official List for quotation in the Gilt-edged market. Such of the Stock as is for the time being held in registered form, when listed, will be an investment falling within Part II of the First Schedule to the Trustee Investments Act 1961.

The Stock will be available either in registered form ("Registered Stock"), or, at the option of the holder, in bearer form ("Bearer Stock"), represented by bearer bonds ("Bearer Bonds") which will be available in the denomination of £5,000. Renounceable allotment letters (partly paid) in respect of the Stock will be issued on Wednesday, 26th October, 1983. Certificates in respect of Registered Stock and Bearer Bonds in respect of Bearer Stock will be available on 15th March, 1984 provided the balance of the moneys payable has been duly paid.

PROCEDURE FOR APPLICATION

Each application for Stock must be made in the form of the application form provided herewith and must be lodged with Lloyds Bank Plc, Registrar's Department, Issue Section, 111 Old Broad Street, London EC2N 1AU (the "Receiving Bank") not later than 10.00 a.m. on Thursday, 20th October, 1983 and must comply with the provisions of "Terms of Payment in Respect of Applications" below.

Applications for Stock must be for a minimum of £100 principal amount of Stock and thereafter for the following multiples of Stock:—

Amount of Stock applied for	Multiple
Up to £1,000	£100
£1,000 to £10,000	£1,000
£10,000 to £100,000	£10,000
£100,000 or greater	£100,000

S. G. Warburg & Co. Ltd., on behalf of Australia, reserves the right to reject any application and to accept any application in part only. If any application is not accepted the relevant application form and the amount paid thereon will be returned by post at the risk of the person submitting the application and, if any application is accepted for a smaller amount of Stock than that applied for, the balance of the amount paid on application will be so returned without interest, and in the meantime all such amounts will be held in a separate account.

S. G. Warburg & Co. Ltd., on behalf of Australia, will announce the basis of allotment ~~by 9.30 a.m. on Friday, 21st October, 1983.~~ It is expected that confirmation of allotments will be despatched on that day. Acceptances of applications for Stock will be conditional *(inter alia)* upon the Council of The Stock Exchange admitting the Stock to the Official List on or before Wednesday, 26th October, 1983 and the rate of interest on, and issue price of, the Stock being approved by the Treasurer of Australia (see "General Information—Underwriting Arrangements" below).

THE APPLICATION LIST WILL OPEN AT 10.00 A.M. ON THURSDAY, 20TH OCTOBER, 1983 AND WILL CLOSE LATER ON THE SAME DAY.

TERMS OF PAYMENT IN RESPECT OF APPLICATIONS

Each application, unless made by a recognised Bank or Stockbroker taking advantage of the alternative method of payment described below, must be accompanied by a cheque made payable to "Lloyds Bank Plc" and crossed "Australia Loan", representing payment at the rate of £25 per cent. of the principal amount of Stock applied for. Such cheques must be drawn on a branch in the United Kingdom or the Channel Islands of a bank which is either a member of the London or Scottish Clearing Houses or which has arranged for its cheques to be cleared through the facilities provided for the members of those Clearing Houses.

The alternative method of payment is available only to recognised Banks or Stockbrokers, in respect of payments of £10,000 or more, who irrevocably engage in the application forms lodged by them to pay the Receiving Bank for credit to the account designated "Australia Loan" by 10.00 a.m. on Wednesday, 26th October, 1983 the amount in Town Clearing Funds representing payment at the rate of £25 per cent. of the principal amount of the Stock in respect of which their applications shall have been accepted.

S. G. Warburg & Co. Ltd., on behalf of Australia, reserves the right to instruct the Receiving Bank to retain the relevant allotment letters and surplus application moneys (if any) pending clearance of applicants' remittances.

The balance of the amount payable on the Stock allotted must be paid so as to be cleared on or before 12 noon on 16th February, 1984. Any amount paid in advance of its due date shall not bear interest or be entitled to any other payment.

Failure to pay the balance on any Stock when due will render all amounts previously paid liable to forfeiture and the allotment liable to cancellation. Interest at the rate of two per cent. above the Base Rate for the time being of the Receiving Bank may be charged on such balance if accepted after its due date. Australia further reserves the right, in default of payment of such balance, to sell any such Stock fully paid for its own account.

The expression "recognised Bank or Stockbroker" shall mean any organisation which is a recognised bank for the purposes of the Banking Act 1979 and any firm of stockbrokers which is a member of The Stock Exchange and such other banks or brokers as S. G. Warburg & Co. Ltd., on behalf of Australia, shall at its absolute discretion think fit for the purposes of the issue.

The expression "Town Clearing Funds" shall mean a cheque or banker's payment for £10,000 or more drawn on a Town Clearing Branch of a bank in the City of London.

DELIVERY

Renounceable allotment letters (partly paid) in respect of Stock allotted will be despatched not later than Wednesday, 26th October, 1983 by first class post to, and at the risk of, the person submitting the application in accordance with the instructions stated on the application form. Alternatively, a recognised Bank or Stockbroker (as defined above) using the alternative method of payment may, by ticking Box A on the application form, request that the renounceable allotment letter be retained at Lloyds Bank Plc, Registrar's Department, Issue Section, 111 Old Broad Street, London EC2N 1AU for collection between 3.00 p.m. and 5.00 p.m. on Wednesday, 26th October, 1983. Any uncollected allotment letters will be despatched by first class post as above.

Allotment letters may be split up to 3.00 p.m. on 14th February, 1984 in accordance with the instructions contained therein into denominations or multiples of £100 principal amount of Stock.

Unless a duly renounced fully paid allotment letter with the registration application form duly completed is received by the Receiving Bank on or before 16th February, 1984, the Stock represented by such allotment letter will be registered in the name of the original allottee and thereafter Registered Stock will be transferable only by instrument of transfer.

Allotment letters will provide for holders of Stock to elect to take delivery of Bearer Stock instead of Registered Stock. Each holder of Stock who elects in the allotment letter to receive Bearer Stock may elect to receive the Bearer Bonds representing the same in one of the following ways:—

(a) by collection from the offices of Lloyds Bank Plc, Registrar's Department, Issue Section, 111 Old Broad Street, London EC2N 1AU or Registrar's Department, Goring-by-Sea, Worthing, West Sussex BN12 6DA; or
(b) by post, at the risk of the applicant; or
(c) by delivery to an existing account with Euro-clear Clearance System or CEDEL S.A.

Bearer Bonds are expected to be available for delivery on and after 15th March, 1984.

Stock certificates will be despatched on 15th March, 1984 at the risk of registered holders of Stock to each registered holder (or in the case of joint holders to the first-named) at his registered address. After that date allotment letters will cease to be valid for any purpose.

No Stock certificate and no Bearer Bond will be made available unless the relevant Stock is fully paid.

INFORMATION RELATING TO THE ISSUE

The issue of the Stock was authorised by the Governor-General of Australia acting with the advice of the Federal Executive Council on 13th October, 1983 and the Stock will be constituted by a Deed Poll to be dated 26th October, 1983 executed by Australia and deposited with Lloyds Bank Plc, Registrar's Department, Issue Section, 111 Old Broad Street, London EC2N 1AU, and holders of Stock will be deemed to have notice of, and will be bound by, its terms.

Status

The Stock will constitute a direct, unconditional and general obligation of Australia and the full faith and credit of Australia will be pledged for the due and punctual payment of the principal and interest in respect of the Stock and for the due and timely performance of all obligations of Australia with respect thereto.

The Stock will be unsecured and will rank *pari passu* with all other unsecured Indebtedness (as that term will be defined in the Deed Poll) of Australia from time to time outstanding.

Form and Transfer

The Stock will be available either in the form of Registered Stock or, at the option of the person entitled thereto, in the form of Bearer Stock. On or after 16th March, 1984, and subject to the terms and conditions of the Stock, Registered Stock may be exchanged in principal amounts of £5,000 or integral multiples thereof for Bearer Stock and vice versa. Bearer Stock will be represented by Bearer Bonds in the denomination of £5,000 each and, subject as aforesaid, on issue interest coupons ("Coupons") will be attached to each Bearer Bond in respect of each interest payment date for which the Record Date (as defined in "Payments" below) is on or after the date of issue of such Bearer Bond.

Lloyds Bank Plc has been appointed Registrar of the Registered Stock (the "Registrar" which expression includes its successor for the time being) which will be transferable in multiples of one penny by an instrument in writing in the same manner as if the Registered Stock were a security to which Section 1 of the Stock Transfer Act 1963 of Great Britain applied. Bearer Bonds will be transferable by delivery.

Determination of Rate of Interest and Issue Price

The Stock will have attached such rate of interest and be issued at such price as will result in the Stock having a gross redemption yield determined on the basis described below (the "Issue Yield").

The Issue Yield shall mean the sum of 1.10 per cent. and the gross redemption yield, rounded to three places of decimals (with 0.0005 being rounded upwards), on 13½ per cent. Treasury Stock 2004-08 at 3.00 p.m. on Wednesday, 19th October, 1983, the price cum dividend of such Treasury Stock to be determined by S. G. Warburg & Co. Ltd. to be the arithmetic mean of the bid and offered prices quoted on a dealing basis for settlement on the following business day by three jobbers in the Gilt-edged market. The gross redemption yield will be expressed as a percentage and will be calculated on the basis indicated by the Joint Index and Classification Committee of the Institute and Faculty of Actuaries as reported in the Journal of the Institute of Actuaries Vol. 105, Part 1, 1978, Page 18.

The rate of interest attaching to the Stock will be determined by S. G. Warburg & Co. Ltd. and will be an integral multiple of one eighth of one per cent. and will be as high as possible consistent with an issue price as near as possible to, but not less than, £95 per cent. The issue price will also be determined by S. G. Warburg & Co. Ltd. and will be expressed as a percentage rounded to three places of decimals (with 0.0005 being rounded upwards).

It is intended that notice of the Issue Yield, rate of interest and issue price will be published in the *Financial Times* on Thursday, 20th October, 1983.

Interest

The Stock will bear interest from 26th October, 1983 at a rate per annum to be determined in accordance with "Determination of Rate of Interest and Issue Price" above. Interest on the Stock will be payable by equal half-yearly instalments on 26th April and 26th October in each year except that the first payment of interest in respect of the period from (and including) 26th October, 1983 to (but excluding) 26th April, 1984 will be paid on 26th April, 1984 and will be calculated using the following formula:—

$$£I = \left(\frac{113}{365} \times \frac{25}{P} \times R\%\right) + \left(\frac{70}{365} \times R\%\right)$$

where £I is the first payment of interest on £100 principal amount of Stock;
R is the percentage rate of interest attaching to the Stock; and
P is the issue price.

Payments

In the case of Registered Stock, payments of principal and interest will be made in pounds sterling by cheques or warrants drawn on a Town Clearing Branch of a bank in the City of London, which will be sent not later than the due date for payment thereof, at the risk of the persons entitled thereto, by post to the persons registered as Stockholders at the close of business on the relevant Record Date or to their nominated agents for their account. "Record Date" shall mean the thirtieth day before the relevant interest payment date or, if this is not a day on which the specified office of the Registrar is open for business, the first such day thereafter.

In the case of Bearer Stock, payments of principal and interest will be made, subject to the provisions of the Deed Poll, against surrender of Bonds or, as the case may be, Coupons at any specified office of any Paying Agent by sterling cheque drawn on, or at the option of the holder (if surrender is made at a specified office not in London), by transfer to a sterling account maintained by the payee with, a bank in the City of London, subject to any fiscal or other laws and regulations applicable thereto and to normal banking practice. The initial Paying Agents and their specified offices are Lloyds Bank Plc, Registrar's Department, Issue Section, 111 Old Broad Street, London EC2N 1AU, Morgan Guaranty Trust Company of New York, Avenue des Arts 35, B-1040 Brussels, Belgium, and Kredietbank S.A. Luxembourgeoise, 43 Boulevard Royal, P.O. Box 1108, Luxembourg.

Redemption

Australia will redeem the Stock at par on 26th October, 2015.

Australia will irrevocably authorise and direct S. G. Warburg & Co. Ltd., or its successor as purchase agent, (the "Purchase Agent") to endeavour to purchase for the account of and at the expense of Australia £2,500,000 principal amount of the Stock (with, in the case of Bearer Stock, all unmatured Coupons appertaining thereto attached or surrendered therewith) during the period from 17th February, 1984 to 26th October, 1984 and during each of the 12 month periods beginning on 27th October in the years 1984 and 1985. In each case purchases will be made at such prices not exceeding the issue price (exclusive of accrued interest and all costs of purchase) as the Purchase Agent may at its sole discretion consider appropriate in order to purchase Stock in such amount during each such period. If during any such period the Purchase Agent is unable so to purchase the relevant principal amount of Stock, the Purchase Agent will be irrevocably authorised and directed to purchase for the account of Australia during the six months next following the expiry of that period, on the conditions set forth above and before purchasing any Stock which it shall be authorised to purchase during the next following 12 month period, Stock of an aggregate principal amount equal to the shortfall in the principal amount of Stock purchased during that earlier period, provided that any such shortfall shall in no circumstances be carried forward beyond the six months next following the expiry of that period. The purchases may be made by the Purchase Agent on The Stock Exchange or otherwise from such persons and at such times as the Purchase Agent in its sole discretion may determine. In acting under the foregoing provisions, the Purchase Agent shall not assume any obligation to any holder of Stock. Stock so purchased shall be cancelled forthwith.

Australia will be able at any time to purchase Stock in the open market at any price or by private agreement at a price (exclusive of accrued interest and expenses) not exceeding 115 per cent. of the middle market quotation for the Stock on The Stock Exchange (or, failing such quotation, on such other stock exchange on which the Stock is listed for the time being) at the close of business on the last business day before the date of purchase, but not otherwise. Any Stock so purchased during any of the periods mentioned in the preceding paragraph may be applied (with, in the case of Bearer Stock, all unmatured Coupons appertaining thereto attached or surrendered therewith) at its principal amount in or towards satisfaction of the principal amount of Stock to be purchased by the Purchase Agent during such period pursuant to such paragraph. Except for Stock applied as aforesaid Australia will be entitled to hold and deal with Stock purchased in accordance with the terms of this paragraph, which may be cancelled or not as Australia thinks fit.

FURTHER ISSUES

If Australia wishes to issue further stock so as to form a single issue with the Stock, it shall be at liberty to constitute such further stock by a supplemental Deed Poll on terms that it shall be consolidated and form a single issue with the Stock.

USE OF PROCEEDS

The net proceeds of the issue of the Stock will be added to Australia's international reserves. The Australian currency equivalent of the net proceeds will be used for general financing purposes of Australia.

STOCK EXCHANGE DEALINGS

The Stock in both bearer and registered form will be dealt in on The Stock Exchange in the Gilt-edged market and will normally be traded for settlement and delivery on the dealing day after the date of the transaction. The price of the Stock will be quoted inclusive of accrued interest.

It is expected that dealings on The Stock Exchange will begin on Friday, 21st October, 1983 without documents of title and at seller's risk for deferred settlement on Thursday, 27th October, 1983.

CURRENT TAXATION

Australia

All payments of principal and interest on the Stock will be made without withholding or deduction for or on account of, and shall be free of, any present or future taxes, duties, fees, or other charges imposed or levied on the Stock or any holder thereof by or on behalf of Australia or any political sub-division or taxing authority thereof or therein. The foregoing shall not apply to payments to or for the benefit of any resident of Australia or of any of the Australian Territories of Norfolk Island, Cocos (Keeling) Islands or Christmas Island.

United Kingdom

In the case of interest payable in respect of the Registered Stock, United Kingdom income tax at the basic rate (currently 30 per cent.) will be deducted from each payment and accounted for to the Inland Revenue, except that, under current law and Inland Revenue practice, payments will be made gross to persons whose registered addresses are outside the United Kingdom provided that the payments are made direct to an address abroad other than to a branch of a United Kingdom company (including a bank) and the Registrar does not recognise such person as a resident of the United Kingdom for tax purposes and does not recognise that such payments are, directly or indirectly, to or for the account of a resident of the United Kingdom for tax purposes including a branch abroad of such a person. Persons who are not resident in the United Kingdom for tax purposes may apply, by sending a claim form A3 to the Inspector of Foreign Dividends, for exemption from United Kingdom income tax on interest payable in respect of the Registered Stock on grounds of non-residence.

In the case of interest payable in respect of Bearer Bonds through a Paying Agent in the United Kingdom, United Kingdom income tax at the basic rate will be deducted from each payment, and accounted for to the Inland Revenue, except that under current law and Inland Revenue practice, payments will be made gross if evidence is produced that the beneficial owner of the Bearer Bonds and Coupons in question is not resident for tax purposes in the United Kingdom.

Payments of interest in respect of Bearer Bonds through a Paying Agent outside the United Kingdom will, under current law and Inland Revenue practice, be made free of any United Kingdom withholding tax. A bank in the United Kingdom which, by presenting a Coupon or Bearer Bond, collects payment of any such interest on behalf of a beneficial owner who does not produce evidence that he or it is not resident in the United Kingdom will be obliged to deduct United Kingdom tax (at the basic rate) and account for it to the Inland Revenue.

In addition, under current Inland Revenue practice, a bank in the United Kingdom recognised as such by the Inland Revenue may receive interest payments without deduction of tax if it certifies on the occasion of each such payment that it owns the underlying Stock and is beneficially entitled to the interest.

Stockholders who are liable to United Kingdom tax on capital gains should note that the provisions in Section 67 of the Capital Gains Tax Act 1979 which exempts from tax capital gains on Gilt-edged securities (as defined for such purposes) held for more than 12 months will not apply to the Stock.

GENERAL INFORMATION

Underwriting Arrangements

By a Subscription Agreement dated 17th October, 1983, S. G. Warburg & Co. Ltd., County Bank Limited, Hill Samuel & Co. Limited, Kleinwort, Benson Limited, Morgan Grenfell & Co. Limited and J. Henry Schroder Wagg & Co. Limited (the "Underwriters") have agreed with Australia to underwrite the issue of the Stock. The Subscription Agreement is subject to certain conditions and S. G. Warburg & Co. Ltd., on behalf of the Underwriters, may in certain circumstances terminate the Subscription Agreement. If the Subscription Agreement is so terminated or the Subscription Agreement does not become unconditional, no application for the Stock will be accepted or, as the case may be, acceptances of applications for the Stock will become void.

Australia has agreed to pay to the Underwriters commissions aggregating £1.25 per £100 principal amount of Stock for their services as managers and underwriters of the issue out of which will be paid commissions to the brokers to the issue, Rowe & Pitman, Phillips & Drew and R. Nivison & Co., and certain other persons who have accepted offers, made on behalf of Australia, of underwriting participations in respect of the issue of the Stock. Australia will also pay brokerage of 12½p per £100 principal amount of Stock to recognised Banks or Stockbrokers on allotments made in respect of applications on forms bearing their stamp; this commission will not, however, be paid in respect of any allotment which arises out of any underwriting commitment. The total expenses of the issue (including the above-mentioned commissions but excluding brokerage) are estimated to amount to £1,350,000 and are payable by Australia.

Documents for Inspection

Copies of the following documents will be available for inspection at the offices of Slaughter and May, 35 Basinghall Street, London EC2V 5DB during normal business hours until 11th November, 1983:

(i) the Subscription Agreement referred to above;
(ii) a draft, subject to modification, of the Deed Poll referred to above; and
(iii) extracts from the following statutes and other documents relating to the issue of the Stock: Australian Constitution, Financial Agreement, Financial Agreement Act 1928, Financial Agreement Validation Act 1929, Financial Agreement Act 1976, Standing Resolution [1956] by the Australian Loan Council, Loans Securities Act 1919, Acts Interpretation Act 1901, Housing Assistance Act 1981 and a certified copy of a Federal Executive Council Minute containing recommendations approved on 13th October, 1983 by the Governor-General of Australia acting with the advice of the Federal Executive Council.

General

No person is authorised to give any information or to make any representation not contained in this Prospectus, and any information or representation not contained herein must not be relied upon as having been authorised by Australia or by any of the Underwriters. This Prospectus does not constitute an offer to sell or solicitation of an offer to buy the Stock in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction.

Application will be made to Euro-clear Clearance System and CEDEL S.A. for Bearer Stock to be accepted for clearance.

Copies of the Prospectus and application form may be obtained from:—

The office of the Australian High Commission, Australia House, The Strand, London WC2B 4LA.
S. G. Warburg & Co. Ltd., 30 Gresham Street, London EC2P 2EB.
Rowe & Pitman, City-Gate House, 39-45 Finsbury Square, London EC2A 1JA.
Phillips & Drew, 120 Moorgate, London EC2M 6XP.
R. Nivison & Co., 25 Austin Friars, London EC2N 2JB.
Lloyds Bank Plc, Registrar's Department, Issue Section, 111 Old Broad Street, London EC2N 1AU.
Lloyds Bank Plc, 131 George Street, Edinburgh EH2 4LQ.

APPLICATION FORM

The application list will open at 10.00 a.m. on Thursday, 20th October, 1983, and close later on the same day.
This form must be lodged with Lloyds Bank Plc, Registrar's Department, Issue Section, 111 Old Broad Street, London EC2N 1AU.

COMMONWEALTH OF AUSTRALIA
Issue on a yield basis of £100,000,000 Loan Stock 2015
Payable as follows: On application £25 per cent. By 16th February, 1984, the balance of the issue price.

To S. G. Warburg & Co. Ltd., on behalf of Australia.

In accordance with the terms of the Prospectus (the "Prospectus"), dated 18th October, 1983, I/we request you to allot to me/us Stock as set out below:

Principal amount of the Stock applied for	Amount enclosed at £25 per cent. of the principal amount applied for
£ ·00	£ ·00

Note. Applications for Stock must be for a minimum of £100 principal amount of Stock and thereafter for the following multiples of Stock:—

Amount of Stock applied for	*Multiple*	*Amount of Stock applied for*	*Multiple*
Up to £1,000	£100	£10,000 - £100,000	£10,000
£1,000 - £10,000	£1,000	£100,000 or greater	£100,000

I/We enclose a cheque* in the amount set out in the right hand box above.

I/We undertake to accept the amount of Stock applied for or any lesser amount that may be allotted in respect of this application and to pay for the same in conformity with the terms of the Prospectus.

I/We request that any letter of allotment in respect of the Stock allotted to me/us be sent to me/us (unless the alternative method of payment is being used and Box A below is ticked) by first class post at my/our risk at the address shown below. In consideration of Australia agreeing to allot the Stock on and subject to the terms and conditions of the Prospectus and of the Subscription Agreement referred to therein, I/we agree this application shall be irrevocable until Thursday, 27th October, 1983 and that this sentence shall constitute a collateral contract between Australia and me/us which shall become binding upon despatch or delivery of this application form to Lloyds Bank Plc. I/We understand that the completion and delivery of this form accompanied by my/our cheque constitutes a representation that my/our cheque will be honoured on first presentation. I/We hereby engage to pay the balance payable on the Stock by 16th February, 1984 on any allotment made to me/us in respect of this application and I/we understand that failure to pay such balance by the due date will render the amount previously paid liable to forfeiture and the allotment liable to cancellation and that interest at the rate of two per cent. above the Base Rate for the time being of Lloyds Bank Plc may be charged on such balance if accepted after its due date and that Australia may, without prejudice to any other rights, in default of payment, sell the Stock fully paid for its own account. I/We acknowledge that any letter of allotment is liable to be held pending clearance of such remittance and allotment.

I/We hereby request that any allotment of Stock to me/us be evidenced by a letter of allotment addressed to me/us and be sent by post at my/our risk to me/us at the first address shown below.

**A separate cheque must accompany each application form. Cheques should be made payable to "Lloyds Bank Plc" and crossed "Australia Loan" and drawn on a branch in the United Kingdom or the Channel Islands of a bank which is either a member of the London or Scottish Clearing Houses or which has arranged for its cheques to be cleared through the facilities provided for the members of those Clearing Houses.*

Please pin cheque here

Date ....

(1) *Usual signature:* ....
In the case of a corporation, the common seal must be affixed or this form signed by a duly authorised officer who must state his capacity.

Please use BLOCK LETTERS

Forenames: ....
Surname: ....
(also state designation, Mr., Mrs., Miss or title)
Address in full: ....

Joint Applicants (if any).
In the case of joint applicants all must sign.

(2) *Usual signature:* ....
Forenames: ....
Surname: ....
(also state designation, Mr., Mrs., Miss or title)
Address in full: ....

(3) *Usual signature:* ....
Forenames: ....
Surname: ....
(also state designation, Mr., Mrs., Miss or title)
Address in full: ....

(4) *Usual signature:* ....
Forenames: ....
Surname: ....
(also state designation, Mr., Mrs., Miss or title)
Address in full: ....

FOR OFFICE USE ONLY

1 Acceptance number
2 Amount of Stock accepted £
3 Amount received on application £
4 Amount payable on Stock accepted £
5 Amount returned £
6 Balance payable £
7 A. L. number
8 Cheque number

Stamp of bank or broker claiming brokerage (if any)

ALTERNATIVE METHOD OF PAYMENT

(This method of payment is available only to recognised Banks or Stockbrokers as described in the Prospectus.)

We hereby engage to pay Lloyds Bank Plc, Registrar's Department, Issue Section, 111 Old Broad Street, London EC2N 1AU for credit to the account designated "Australia Loan" by 10.00 a.m. on 26th October, 1983 the amount in Town Clearing Funds representing payment at the rate of £25 per cent. for the Stock allotted to the person(s) named above in respect of this application. In consideration of Australia agreeing to allot the Stock as mentioned above, we agree that this engagement shall be irrevocable until 27th October, 1983 and that this sentence shall constitute a collateral contract between Australia and us which shall become binding upon despatch or delivery of this application form to Lloyds Bank Plc.

Authorised signature ....

Please tick here if you wish to collect your renounceable letter of allotment and/or cheque for excess subscription moneys from Lloyds Bank Plc, Registrar's Department, Issue Section, 111 Old Broad Street, London EC2N 1AU. Box A

Name of bank or broker: ....
Address in full: ....

UK COMPANY NEWS

Thames Investment £1.9m into red

TOGETHER with results for the year ended May 31 1983, directors of Thames Investment & Securities announce a proposed disposal of tha company's interest in a US$20m (£13.35m at current rates) Miami project.

Turnover of this Unlisted Securities Market company, with interests in investment and development of commercial and industrial property, was unchanged at £1.9m (£1.91m) and there was a £2.32m turnround from £412,000 profits to £1.91m losses at the pre-tax level.

Directors say the pre-tax loss related primarily to the excess carrying cost of UK properties over their current income, and includes £350,000 representing Thames' share of tha loss from Allied Residential, an associate, to the date of disposal last May.

After tax, £230,000 (£7,000), extraordinary debits, £2.79m (£316,000), and prefarence dividends, £50,000 (£242,000), the loss for the 12 months cama through at £4.98m, compared with £153,000. Basic loss per £1 share was 56p (11.1p earnings) and fully diluted 48p (11.2p earnines).

On February 1 last, Thames Miami Inc (TMI), a wholly-owned subsidiary of Thames, entered into an agreement with City National Bank of Miami to purchase a property in Miami, Florida, with a view to developing it with a joint partner.

It was originally intended by Thames that TMI ebould undertake the joint venture in conjunction with Beverley Hills Savings and Loan Association. However, no agreement was reached and the company has not been able to find another partner.

Due to tha leval of financial commitment involved, and the extent of tha further borrowings which would be required, the company would be unable to continue with the obligation alone and would not be able to fund the $20m payable under tha agreement.

Directors have, therefore, taken steps which will allow Thames to withdraw from the project and from all related professional fees.

The company and IMI have entered into an agreement with Mr G. Thomas Whyte, which is conditional on certain matters and on shareholders' consent.

Mr Whyte and Mr Joseph Benjamin, chief executive of Thames, hava also entered into an agreement under which, subject to the above agreement being rendered unconditional, Mr Benjamin will be entitled to receive 20 per cent of the net capital profits or the net operating income in return for his undertaking the management of the development.

Mr Benjamin's future involvement in the Miami project will not be compatible with his duties as chief executive of Thames. He therefore resigned as chairman on September 21 and proposes to withdraw from the company, leaving the board and resigning as chief executive on October 31.

Mr Martin Mendelsohn, a non-executive director of Thames and a partner in the company's firm of solicitors, has been appointed non-executive chairman, pro-temp, and the board will make an announcement as to the intended board restructuring and the future management of the company in the near future.

On Mr Benjamin's resignation as chief executive, board consider it would be appropriate to make him a termination payment of £50,000 together with a contribution of £6,000 plus VAT towards legal expenses incurred by him in connection with his withdrawal from the company.

As the disposal and tha proposed payment to Mr Benjamin are subject to shareholders' consent, an EGM has been convened for October 31.

● **comment**

Shares in Thames Investment are due for a shake-out once dealings re-start after the October 31 extraordinary meeting. The suspension price is 80p but net asset backing is now 67p per share after a £4.9m attributable loss for tha year. The portfolio is described as mixed, or secondary, and the whola lot has been written down prior to an extensive, or even wholesale, disposal this year and eventual reinvestment. If the autire market, and tha property sector in particular, were in a determinedly bull phase, Thames might constitute a useful cash "shell" as the proposed liquidation gets under way. But, this must be a big caveat, tha group is still carrying a vary heavy burden of dabt and assets have presumably been written down to no better than current realisable values. Shareholders attending the extraordinary meeting may well ask bow the U.S. savings and loan fund's increased involvemant is supposed to enhance Thames' recovery projections, what exposure the group still carries in the American sunshine belt, how income and carrying costs became so grossly mis-matched last year, on what basis was tha portfolio valued before this sudden write-down and, lastly, at what price did the founder and former chief executive sell his stake?

F. Sumner losses increase to £112,000

LOSSES before tax at Francis Sumner (Holdings) increased from £92,000 to £112,000 for the first half of 1983. With conditions in the group'e traditional markets remaining difficult, the directors say it is unlikely that the trading performance will show any marked improvement in tha second half.

In the last full year pre-tax losses of this group with interests in textiles and clothing amounted to £228,000.

Last April the directors said that although they had not seen any improvement in the first few months of the current year, they were bopeful that further retrenchment would help restore the group to profits in the second half of 1983.

The results over the last 18 months have demonstrated, say tha directors, how difficult it is for a small specialised, textila and clothing group to achieve an acceptable return on trading assets. Accordingly, they bave concinded that group policy should ba to diversify into other areas which offer better growth prospects. Suitabla acquisitions are being sought.

Although down on the year end owing to an increase in working capital requirements of trading subsidiaries, the directors say the group remains in a healthy position with cash, loans and investments of £797 400.

In view of the results the directors are not recommending an interim for 1983. The last dividend was a special payment of 0.2p in 1981. Losses per 10p share for tha six months increased from 0.34p to 0.42p.

Turnover for tha half year fell from £3.3m to £2.56m.

Limited progress was mada during tha period by textile subsidiaries in difficult trading conditions, say tha directors, with tha result that a small overall profit was achieved against losses last year. However, this progress was more than overshadowed by increased losses of £126,000 at tha clothing subsidiary.

Action has been taken to improve the efficiency of the clothing subsidiary end alternative markets are being sought with a view to improving gross margins.

Comparative figures for 1982 incorporate results of A. W. Hewetson, a former subsidiary, which was sold in August 1982. For the first balf of 1982 turnover of £633,000 and losses of £4,800 related to this company.

Thare was again no charge for tax. Losses for the year were £112,000 (£109,000 after extraordinary debits of £17,000).

Newmarket assets at high of $107m in third quarter

NET tangible assets at Newmarket Company (1981) rose to a new high of U.S.$107.4m during the third quarter to September 30, 1983. This was an increase of 3.3 per cent over the June 30 figure. On a per share basis, the relative figures are $8.04 against $7.78, equivaleot to £5.36 against £5.09.

The directors say this further improvement represents a combination of increases in the values of Equatorial Communications, Iomega, Telelogic—which completed a further financing at a greatly enhanced price—and VisiCorp.

As a result of earlier sales of Apple Computer, including the sale of 50,000 shares in tha previous quartar, the group's original holding of 200,000 shares was reduced to 50,000. The total boiding bad been acquired at a cost of $262,500 and a gain of $5.6m has been realised on the sales so far.

Group revenue, almost entirely derived from deposit interest, declined from $3.42m to $1.26m in the third quarter, and was also lower than the previous quarter as the cash resources became invested.

There was, therefore, a deficit of $338,543 ($2.14m surplus) for the nine months to September 30. This includes a charge of $791,535 for the amortisation of issue expenses, which is a non-cash charge.

In these circumstances, it is unlikely that the company, which is based in Bermuda, will be in a position to pay a dividend for the current year.

The number of venture investment proposals received during the third quarter has continued at the very high level of the previous two quarters, say the directors.

The group, excluding Newcastle, examined 30 proposals during this latest period and 14 were appraised in detail, of which five have become investments and three are still under investigation. In all, 10 investments were made during the quarter—two by Newcastle.

The portfolio now contains investments in 69 companies, of which 52 are in the U.S., 14 in the UK, and one each in Europe, Canada and the Far East.

The group balance sheet at September 30 shows portfolio investments totalling $106.28m compared with $46.77m. These include $63.23m ($32.88m) quoted at market value, and $43.05m ($13.89m) unquoted, at directors' valuation. Net current assets stood at $4.63m ($31.25m), and group net assets were $111.13m ($79.27m).

Link House sees regional expansion

Tha policy of introducing regional editions of Exchange & Mart continued through the year to the end of June 1983 at Link House Publications. Launch costs were incurred by the introduction of two furthar local editions, and three editions are now being published in Manchester, South Yorkshire and Tyne-Tees, says Mr G. C. Burt, chairman, in the latest report and accounts.

As reported on September 27 1983 pre-tax profits for this group moved ahead from £5.65m to £6.4m as a result of improvements in tha advertising pariodicals division, which publishes Exchange & Mart.

Tha introduction of local editions is seen as part of long term strategy—such publications are not expected to contribute to profits in the short term.

Shareholders' funds grew from £5.85m to £7.12m. Tangible fixed assets amounted to £1.25m (£1.17m). Nat current assets moved up from £5.02m to £6.21m. There was a net increase in funds of £1.56m (£1.08m).

Tha directors say they intend to introduce an executive share option scheme.

Meeting: Bournemouth on November 8 at noon.

Laidlaw joining unlisted market

Laidlaw Group, ona of the leading Ford dealership groups in the UK, is planning to join the Unlisted Securities Market later this month via a placing by merchant bankers Noble Grossart. Brokers to the issua will be Fielding Newson-Smith.

Laidlaw has six dealarships, four in Scotland, and two in tha south east of England. Tha group has expanded rapidly since 1970 whan the present chairman, Mr Mac Robertson, joined the group.

In keeping with Ford policy restricting Ford franchises to fiva daalerships, Laidlaw plans to sell off one of its companies.

Laidlaw's profits for the current year to December 31 1983 are expected to exceed £950,000. Shareholders funds are currently £4.4m.

According to Mr Robertson, further growth in profits should result from the acquisition of larger dealerships and possibly a move into other manufacturers' franchises.

The shares to be placed will represent 23.4 per cent of the company's share capital. Half will be new shares issued by the company.

The directors of Laidlaw hold 47 per cent of the equity. Noble Grossart Investments, which has provided some of tha long-tarm capital to finance the expansion of Laidlaw, owns 37 per cent.

Mac Robertson said yesterday: "We plan to expand through further acquisitions and we are confident that the placing, which will give us additional cash and more marketable shares to offer, will help up in this expansion."

Encouraging signs says FII chief

In his annual chairman's statement Mr Monty Sumray says that there are encouraging signs at FII Group and that progress should be maintained.

He explains that turnover, in the first four months of the current year, is higher than the corresponding period in 1982, the footwear manufacturing company has a good forward order position, and directors are bopeful of a moderate improvement in merchanting activities.

Mr Sumray says the company's three "factory shops" have been augmented by a fourth, larger, outiet, in Swansea, and that the medical division should begin to establish itself this year, although the group looks to the future for the major material benefits.

As known, on turnover up by 28 per cent to £10.06m, pre-tax profits for the year ended May 31 1983 advanced to £728,000 (£542,000).

As at May 31 fixed assets amounted to £357,000, against £381,000, and net current assets stood at £2.49m (£2.12m). Shareholders' funds were £2.5m, compared with £2.32m. Working capital increased by £394,000 (£76,000).

In contrast to "my cautious half-year forecast" tha chairman says that second half results being better than those of the first was mainly because of a further upsurge in sales, production and deliveries.

Meeting, Barbican Centre, EC, on November 29, at noon.

Lloyd's Life Assurance new business grows

STEADY GROWTH in new life and pensions business for the year ending September 30 1983 is reported by both Lloyd's Life Assurance and its subsidiary Lloyd's Life (Isle of Man).

In the UK, single premium business during the year advanced nearly 40 per cent to £27.5m, of which £23.1m was linked bonds, with the balance being predominantly guaranteed bonds.

Naw annual premiums in the UK rose 8 per cent from £7.7m to £8.3m, with annual premiums on tha Fair Share Whole Life Plan jumping 40 per cent to £1.98m.

Tha off-shore Isle of Man subsidiary saw single premium business improve by more than 50 per cent from £15.6m to £24.4m and new annual premiums rise by more than 40 per cent from £1.67m to £2.44m. There was substantial growth in business linked to Britannia and Gartmore offshore unit trusts.

Lloyd's Life Unit Trust Management is now being more positively marketed and made a contribution of £350,000 to the sales results for the year.

Mr Mike Gordon, marketing director, expressed confidence in maintaining the high level of single premium sales.

The company was seeking to further expand its annual premium business by placing more emphasis on its pensions business, coupled with promotion of mass marketed products.

Coleman Milne

Following the offer for sale by tender of Hawley Group's rights fully paid in Coleman Milne ordinary share capital, applications in respect of the tender have been accepted in full at a striking price of 50p per share.

RESULTS AND ACCOUNTS IN BRIEF

WETTERN BROTHERS (manufacture and distribution of construction materials)—Turnover half year ended June 30, 1983, was £3m (£3.51m). After interest charges £22,900 (£20,800) profit came to £37,900 (£5,100). Reorganisation of activities has progressed. Rationalisation programme for builders' merchants in West Midlands resulted in an extraordinary charge of £26,900. In September the company announced the sale of the lease of two floors of Wettern House, Croydon, for £315,000 net of expenses, which will further significantly improve liquidity and the balance sheet.

BRASWAY (iron and steel scrap processor)—Results for the year to April 30, 1983, reported on August 16. Shareholders' funds £2.49m (£2.8m); fixed assets £2.61m (£2.98m)Φ current assets £6.23m (£9.3m); current liabilities £5.66m (£8.92m); net current assets £571,618 (£370,208): increase in working capital £48,635 (£57,920 decrease). Chairman says current year has started according to forecast. He is confident there will be an early return to full dividends. Meeting: Wednesbury, West Midlands, November 7, at noon.

CRADLEY PRINT (lithographic printer, close company)—For the year ended June 6, 1983: dividend 1.05p (0.7875p): turnover £8.33m (£4.1m); net profits £432,635 (£330,373); tax £497,483 (£181,519); attributable profits £416,250 (£303,916); stated gross earnings per share 8.60p (4.7p).

CHRISTY BROTHERS (mechanical and electrical engineer)—Results for year to June 30, 1983, reported on September 17. Shareholders' funds £1.58m (same); fixed assets £1.08m (£1.09m); current assets £1.12m (£1.15m); net current assets £121,891 (£481,871); increase in liquid funds £94,034 (£451,838). Chairman says group starts the year with cautious optimism because it has a reasonable order book and some new products. Meeting: Chelmsford, Essex, November 8, at noon.

BRITISH EMPIRE SECURITIES AND GENERAL TRUST (investment trust)—Revenue for year to September 30 1983: £224,552 (£217,191) after all charges including tax £97,679 (£94,844). Second interim dividend in lieu of final 0.7p, making 0.9p (0.88p). Earnings per 5p share 1.1053p (1.0691p).

ADWEST GROUP (automotive, engineering)—Results for year ended June 30, 1983, reported September 23. Fixed assets £31.41m (£31m). Net current assets £17.37m (£14.83m). Shareholders' funds £46.19m (£43.45m). Meeting, Dorchester Hotel, W, November 4 at noon.

BASE LENDING RATES

A.B.N. Bank	9 %	■ Hambros Bank	9 %
Allied Irish Bank	9 %	Heritabla & Gen. Trust	9 %
Amro Bank	9 %	■ Hill Samuel §	9 %
Henry Ansbacher	9 %	C. Hoare & Co. †	9 %
Arbuthnot Latham	9 %	Hongkong & Shanghai	9 %
Armco Trust Ltd.	9 %	Kingsnorth Trust Ltd.	10 %
Associates Cap. Corp.	9½%	Knowslay & Co. Ltd.	9½%
Banco de Bilbao	9 %	Lloyds Bank	9 %
Bank Hapoalim BM	9 %	Mallinhall Limited	9 %
BCCI	9 %	Edward Manson & Co.	10½%
Bank of Ireland	9 %	Meghraj and Sons Ltd.	9 %
Bank Leumi (UK) plc	9 %	Midland Bank	9 %
Bank of Cyprus	9 %	■ Morgan Grenfell	9 %
Bank of Scotland Ω	9 %	National Bk. of Kuwait	9 %
Banque Belge Ltd.	9 %	National Girobank	9 %
Banque du Rhone	10 %	National Westminster	9 %
Barclays Bank	9 %	Norwich Gen. Tst.	9 %
Beneficial Trust Ltd.	10 %	R. Raphael & Sons	9 %
Bremar Holdings Ltd.	9 %	P. S. Refson & Co.	9 %
Brit. Bank of Mid. East	9 %	Roxburgha Guarantee	9½%
■ Brown Shiplay	9½%	Royal Trust Co. Canada	9 %
CL Bank Nederland	9 %	Standard Chartered ‖	9 %
Canada Perm't Trust	10 %	Trade Dev. Bank	9 %
Castle Court Trust Ltd.	9½%	TCB	9 %
Cayzer Ltd.	9 %	Trustee Savings Bank	9 %
Cedar Holdings	10 %	United Bank of Kuwait	9 %
■ Charterhouse Japhet	9 %	United Mizrahi Bank	9 %
Choulartons	10½%	Volkskas Intol. Ltd.	9 %
Citibank Savings ¶	10½%	Westpac Banking Corp.	9 %
Clydesdale Bank	9 %	Whiteaway Laidlaw	9½%
C. E. Coates	9½%	Williams & Glyn's	9 %
Comm. Bk. of N. East	9 %	Wintrust Secs. Ltd.	9 %
Consolidated Credits	9½%	Yorkshire Bank	9 %
Co-operative Bank *	9 %		
Tha Cyprus Popular Bk.	9 %		
Dunbar & Co. Ltd.	9 %		
Duncan Lawrie	9 %		
E. T. Trust	9½%		
Exeter Trust Ltd.	10 %		
First Nat. Fin. Corp.	11½%		
First Nat. Secs. Ltd.	11½%		
Robert Fraser	10 %		
Grindlays Bank ‡	9 %		
■ Guinness Mahon	9 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 5.6%, 1-month 5.75%. Short-term £8,000/12 months 9.1%.
† 7-day deposits on sums of: under £10,000 5½%, £10,000 up to £50,000 6½%, £50,000 and over 7½%.
‡ Call deposits £1,000 and over 5½%.
‖ 21-day deposits over £1,000 6½%.
§ Demand deposits 5½%.
¶ Mortgage base rate.
Ω Money Market Cheque Account—9.00%. Effective annual rate—9.28%.

BIDS AND DEALS

Norton Opax makes £4.7m offer for Broadprint Group

BY DAVID DODWELL

Norton Opax, Leeds-based security printer, has made an agreed share and cash offer for Broadprint Group, Cheshire-based printer, worth almost £4.7m.

Norton, which recently changed its name from Norton and Wright, shot to prominence in May this year when it launched a £10.7m bid for John Waddington, the printing and packaging group which is also based in Leeds. The bid was eventually dropped, with Norton selling its Waddington stake to Mr Robert Maxwell's British Printing and Communications Corporation.

Mr Richard Hanwell, Norton's chief executive, said yesterday that acquisition of Broadprint would put "less strain on the digestion" than purchase of Waddington would have done.

His company is offering £12 in cash and seven Norton Opax shares for each Broadprint ordinary share. At yesterday's closing price for Norton Opax shares of 118p, this values each Broadprint share at £20.26. A cash alternative of £20.25 per share is being provided, which values Broadprint at £4.487m. Broadprint shares are not quoted on the stock exchange.

Norton said yesterday that it had received irrevocable undertakings to accept the offer from shareholders accounting for 54.27 per cent of Broadprint's shares.

Broadprint, established in 1815, is involved in broadly similar areas to Norton Opax. Its main subsidiary, Jesse Broad, is just 45 minutes travelling time from Leeds. Broadprint also prints cheques and building society passbooks through its subsidiary Continuprint.

In the 12 months to the end of December last year, Broadprint earned pre-tax profits of £322,000 on a turnover of £11.85m. This compares with a loss in 1981 of over £180,000 on turnover of just under £9.8m. It had a net asset value at the end of 1982 of £2.77m.

Norton Opax is of a broadly similar size, with turnover in the year to March 31 1983 of £10.6m, generating a pre-tax profit of just over £1m. Both companies employ workforces of just under 500.

Mr Hanwell has been active in seeking acquisition opportunities since last year, when Norton bought four printing companies for £233,000. He said yesterday: "I believe that we have to grow steadily. It will certainly take some time to digest Broadprint, but this isn't the end of our acquisition programme."

He will replace Mr Christopher Clarke as chairman of Broadprint, but other board changes are not expected. Mr Hanwell added that some rationalisation could be expected at Broadprint, "but nothing major."

Agreed bid for Russell Bros.

THE TERMS have been agreed whereby De Zoete and Bevan on behalf of Mr Neil Phoenix or one of his family companies will make a cash offer to acquire Russell Bros. (Paddington) shares now in issue, and to be issued, at a price of 100p for each.

The Russell directors and their advisors consider the terms of the offer to be fair and reasonable and unanimously recommend acceptance.

Mr Phoenix has received irrevocable undertakings conditional upon the release of this announcement, from certain directors to accept the cash offer in respect of 402,140 ordinary shares (approximately 5.6 per cent of Russell).

Mr Phoenix, who is a chartered surveyor, with a number of private business interests, will endeavour to maintain the listing of Russell's share capital, and also intends to continue the current business of Russell, and to ensure that the rights of employees including terms and conditions of employment and pension rights be fully safeguarded.

Upon the offer being declared unconditional, Mr Phoenix and Mr W. Johnston will be appointed to the board, and Mr Johnston will become chief executive of Russell.

Skean Dhu to seek offers

The board of Skean Dhu has for some time, been considering changes in the financial structure of the company in the light of its successful development as a leading independent hotel chain in Scotland.

The two major shareholders, Sidlaw Group (31.4 per cent) and Mr R. E. Mullins (23.6 per cent), have informed the board that they are considering the realisation of their investment. Mr Mullins, who founded Skean Dhu and has been its chairman and chief executive since inception in 1972, desires in due course to return to his native U.S.

As a result of discussions between these shareholders and the board, it is now proposed that Hill Samuel and Co., Skean Dhu's financial advisers, should seek offers for the whole of the issued share capital of Skean Dhu.

It is expected that it will be some time before evaluation of any forthcoming offers can be completed and a further announcement will be made when appropriate.

£6m property disposal by Espley-Tyas

Through various subsidiaries, Espley-Tyas Property Group has contracted the sale for £6m of a substantial portfolio comprising industrial, warehouse and retail investments and trading properties, principally located in the Midlands.

The basic consideration is payable as to £4.25m on completion and the remainder deferred and guaranteed by the purchaser, which is undisclosed.

Mr R. A. Shuck, chairman and chief executive, says that the agreement will enable Espley to realise substantial funds to be used in developing other areas of its business and reduce borrowings, while postponing "ultimate realisation until the market improves and an optimum price can be obtained."

The purchaser will manage and resell the properties over a period and the deferred part of the basic consideration to which Espley will be entitled, irrespective of the success of the reselling campaign, will be discharged from the surplus arising from that exercise.

Additionally, Espley will be entitled to further payments equal to the amount by which one half of the profit realised by the purchaser from holding and reselling the properties exceeds the deferred part of the basic consideration.

Milbury

Saint Piran is the beneficial holder of 4.98m ordinary shares in Milbury (88.13 per cent).

Low & Bonar to sell S. African holding

By Charles Batchelor

Low & Bonar, Dundee packaging, engineering, textiles and travel group, is negotiating the sale of its half share in Bonar Long (SA) to its South African partner in the operation, National Trading Company.

The announcement of the negotiations, made yesterday, comes two weeks before consultants are due to complete a review of Low & Bonar's troubled UK engineering operations.

National, a publicly-quoted company, approached Low and Bonar with a proposal to take full control of the Bonar Long, which makes electrical transformers and switchgear.

Negotiations have reached an advanced stage and should be completed before the end of the year, Low and Bonar said. It declined to reveal the likely price, or Bonar Long's profits and turnover.

Low and Bonar's share of Bonar Long's net assets is worth £1.3m. The South African company employs 300 people in Johannesburg.

Bonar Long has not been included in the review of Low and Bonar's UK engineering operations but "there has to be a relationship," Mr Brian Gilbert, chief executive, said. World-wide there is too much manufacturing capacity.

Low and Bonar identified transformer manufacturing as a particular problem area within engineering when it published first half results in September.

It then announced a recovery of pre-tax profits to £2.16m in the six months ended May 31, 1983 from £64,000. Engineering contributed £528,000 against £286,000 the year before.

Any review of the UK activities would also affect the company's Malaysian and Sri Lankan ventures run jointly with the local national electricity boards, Mr Gilbert said.

Low & Bonar originally supplied transformers and switchgear to South Africa using National as its agent, but the two companies decided to establish Bonar Long about 16 years ago. Low & Bonar rose 1p to 110p ex dividend yesterday.

Farnell Electronics

Farnell Electronics has acquired Keelan Engineering, a company based in Harrogate, whose principal activity is the manufacture of printed circuit boards. Net assets of Keelan amount to £456,000.

Consideration is the issue by Farnell of 84,062 ordinary shares. In addition, should Keelan's results for the year to January 30 1984 reflect the forecast pre-tax loss of £30,000, a further £40,000-worth of shares in Farnell will be issued.

The second tranche of the consideration is variable depending on the results for the year, on a £1-for-£1 basis.

BTR/Tilling

BTR owns more than 97 per cent of the issued ordinary capital of Thomas Tilling, and wishes to acquire the balance. A scheme of arrangement is being despatched to the outstanding holders of Tilling ordinary.

Under the scheme a holder of 160 Tilling ordinary will receive 33 BTR new ordinary, the same consideration as under the ordinary share offer by BTR for Tilling, which closed on July 20, adjusted for capitalisation issues of Tilling and BTR approved at Egms of Tilling and BTR on June 29 and October 17 respectively.

Implementation of the scheme is being recommended by the board of Tilling, and its advisers, S.G. Warburg and Co.

Westminster Prop.

Milbury and its associates now control or are deemed by the Takeover Panel to control 14m ordinary shares, or 50.49 per cent of the capital, in Westminster Property Group.

Acceptances of the Milbury offers have been received in respect of 1.46m ordinary shares (5.28 per cent). They are declared unconditional as to acceptances and remain open.

Chemical Methods

Share dealings in Chemical Methods Associates, the U.S. dishwasher maker which was launched on the USM in May this year, resumed after a 10-day suspension yesterday. They rose by 10p to close at 70p.

The shares were suspended ahead of interim profit figures which were far lower than profits forecast at the time of the company's USM launch. The original launch price was 115p per share but the price has slipped steadily since then.

To make amends for failing to meet profits targets, the board has offered shareholders their money back. Yesterday's share price increase is likely to be due to buying interest by investors who were impressed by this rare gesture aimed at re-establishing confidence in the company, city analysts said.

Siebe Gorman

Siebe Gorman, the protective clothing and safety products group, announced yesterday that it acquired 1.9m stock units in Tecalemit, the garage products manufacturer for which it has launched a contested £15m offer. The stake was purchased last week at 48¾p per stock unit and half came from piecemeal market purchases and half was sold by an institutional holder which had previously started to lighten its holding. The stake amounts to 5.5 per cent of Tecalemit's equity.

MINING NEWS

Low gold prices threaten Harmony's dividend rise

BY KENNETH MARSTON, MINING EDITOR

A SHARPLY lower net profit for the September quarter is reported by the South African gold and uranium-producing Harmony mine in the Barlow Rand group.

In common with the rest of the gold mines, Harmony's working costs have been inflated by wage increases in May and June for the white workers and as from July 1 for the black employees. Power costs have also risen as a result of a 5.8 per cent increase in electricity charges.

Because of a favourable exchange rate the average gold price received by Harmony in terms of rands at R15,009 per kilogramme was only slightly lower than in the previous quarter, while the U.S. price fell to an average $420 per ounce from $432. But Harmony's uranium revenue was lower.

In the recent annual report for the year to last June, Mr D. T. Watt, the chairman, said that if the increase in unit production costs could be limited to about 8 per cent and the average gold price ran at around R16,000 it should be possible to raise Harmony's total dividend for the year to about 260 cents (155p) from the 235 cents paid for 1982-83.

For the first half of the current year the average gold price received by the mine has been just over R15,000. While this is above the price received in the same period of 1982, it is clear that higher prices will be needed to bring the current year's average up to the required R16,000 level and at the moment the price is only R14,200.

Blyvoor's lower earnings also reflect a fall in gold production as a result of extensive damage to the hoist at No. 1 shaft following an accident on August 6. Repairs are now being carried out and the hoist should be back in operation by the end of this month.

Mr Watt has already forecast a reduced dividend for Blyvoor in the current year to next June. He said in the annual report that in view of an expected decline in ore grade, gold production would fall to about 17,100 kg, although it has amounted to 9,449 kg in the first six months.

Again taking an average gold price of R16,000 and assuming costs of R60.84 per tonne milled (they were R59.40 in the past quarter) he anticipated a year's total dividend of about 200 cents compared with 270 cents for 1982-83.

Of the two marginal veteran mines, East Rand Proprietary made a loss before allowing for the State assistance claim, but Durban Deep managed to increase its pre-assistance profit thanks to increased production.

None of the mines made any forward gold sales during the quarter. Net profits are compared in the following table.

	Sept qtr R000s	June qtr R000s	Mar qtr R000s
Blyvooruitzicht	16,837	20,309	23,001
Durban Deep	*4,049	*3,165	5,649
East Rand Pty.	*4,624	*5,665	3,741
Harmony	26,445	40,102	31,900

* After receipt of State assistance.

Gopeng plans move to Malaysia

THE LONDON-REGISTERED Gopeng Consolidated, which produces tin in Malaysia, plans to transfer its residence for tax purposes to Malaysia in accordance with that country's economic policies.

Gopeng has reached agreement with Perak State Development Corporation (PSDC) on proposals to effect this, and the introduction of Bumiputra (indigenous Malay) participation in the company.

The proposals are to be implemented by means of a scheme of arrangement under the terms of the UK Companies Act 1948. This will involve the acquisition—for a mixture of shares and cash—of Gopeng Consolidated by a new Malaysian company, Gopeng Berhad, and the issue of shares by that new company to PSDC in exchange for cash and new mining leases.

Once the proposals are implemented, PSDC will hold 50 per cent plus one share of Gopeng Berham. In return, Gopeng Consolidated, which will become a wholly-owned subsidiary of Gopeng Berhad while remaining the operating company, will have its mining leases renewed for a further 15 years. PSDC will also subscribe M$3.5m (£1m) in cash to Gopeng Berhad.

It is proposed that Gopeng Consolidated shares should be cancelled, and that in exchange all shareholders should receive cash and shares in Gopeng Berhad on the basis of two shares in Gopeng Berhad plus 31p in cash for each Gopeng Consolidated share.

The proposals are still subject to the approval of the various UK and Malaysian authorities, and application will be made for the listing of the Gopeng Berhad shares on both the London and Kuala Lumpur Stock Exchanges.

The reserve arising from the cancellation of the Gopeng Consolidated shares will be capitalised and applied in paying up in full new shares in the company, which will be allotted to Gopeng Berhad, giving that company full ownership of Gopeng Consolidated.

Gopeng Consolidated will take steps to transfer its residence for tax purposes to Malaysia once the scheme has become effective.

No further dividends will be paid by the existing company until the schemes comes into operation.

Vlakfontein resumes capital repayments

THE ABOLITION of the financial rand in February means that the Vlakfontein gold mine in the Gold Fields of South Africa group has decided to resume its programme of tax-free capital repayments to shareholders.

Shareholders approved a special resolution at the recent annual meeting providing for a reduction in the par value of the shares from 70 cents (41p) to 50 cents, with the 20-cent difference being paid out to shareholders.

This proposal, which is subject to the approval of the South African supreme court, will reduce the authorised and issued capital from R4.2m to R3m. The directors explained that the difference of R1.2m in capital is surplus to requirements, in view of the limited scale of Vlakfontein's activities.

The company clearly feels that there is no scope for expanding Vlakfontein's operations, which are at present confined to the treatment of surface dump material, some from the mine's own sources with the remainder bought in.

The last annual report made it clear that there were no plans for a resumption of underground mining activities at the operation, which has been in production for almost 50 years.

Vlakfontein made similar repayments of capital between 1978 and 1980, but stopped them when it became clear that overseas shareholders were at a disadvantage because capital repayments had to be made in financial rand, whereas dividends were paid in commercial rand.

The ending of the two-tier system of currency has now removed this disadvantage.

ROUND-UP

Buffels rockfall kills two miners

TWO MINERS died in a rockfall 2,000 metres underground at the Buffelsfontein gold mine in South Africa. Six others were injured, and rescue workers are still searching for one miner who is missing.

The mine is in the General Mining Union Corporation (Gencor) group, which is due to publish its quarterly report on South African gold mining activities on Thursday.

A preliminary estimate of drill-indicated reserves at a gold prospect near Val d'Or in north-western Quebec suggests a deposit containing 834,000 tonnes grading an average of 8.25 grammes of gold per tonne.

The deposit is owned as to 60 per cent by the state-controlled Soquem, and 40 per cent by New Pascalis Mines, controlled by Falconbridge.

Exploration to date runs from surface to a depth of 155 metres. Further drilling is planned, as two holes have indicated that the gold-bearing structure is open at depth.

Australis Mining has sold a 25 per cent interest in two gold leases near the highly-prospective gold area of Nullagine, in Western Australia's Pilbara region, to Bass Strait Oil and Gas (Holdings), in return for a commitment to spend A$346,000 (£216,000) on exploration.

Bass Strait will earn its interest by spending the money on two years' drilling in the search for an enriched gold deposit similar to the Witwatersrand area of South Africa.

Australis bought a 98 per cent interest in the leases for A$20,000 just a month ago.

The latest quarterly report from Witwatersrand Nigel, the small independent South African gold producer, shows a turnround to a profit of R304,551 (£150,000) for the three months to the end of September, compared with a loss of R92,637 in the previous quarter.

This encouraging performance came about as a result of higher mill throughput and an increased average gold grade, giving rise to lower operating costs and increased gold production.

Mr G. Abdinor, chairman, said that the improvement in grade is expected to be maintained during the current quarter.

Nevertheless, the mine's existence remains precarious, as the recent annual report demonstrated. The company's annual meeting, to be held in Johannesburg tomorrow, will no doubt be told more about the problems by a group of shareholders who are trying to change the future trend of operations.

BUSINESSES FOR SALE

Microcomputer Dealer
Central London

Well established and fully staffed DEC and Apple dealership in Central London is available for sale as a result of group policy change. The business is profitable, has a large customer base and a turnover of around £350K.

Principals only should apply in confidence to
David Johnson
Telephone 01 283 3070

Spicer and Pegler Associates
INTERNATIONALLY SPICER AND OPPENHEIM
56-60 St. Mary Axe, London EC3A 8BJ

WEST COUNTRY SUPPLIES (PAPER AND BOARD) LIMITED
(IN RECEIVERSHIP)

TURNER HANNAM LIMITED
(IN RECEIVERSHIP)

The companies are laminators of board for the printing, fine arts and graphics trades and suppliers to the screen printing and point-of-sale trades, of paper, board and plastics.

Employing 13 full-time staff, and with a turnover in excess of £800,000 per annum, the companies operate from leased premises in Brislington, Bristol.

Persons interested in acquiring the business should contact the Joint Receivers

P R C Densham FCA, Price Waterhouse,
Clifton Heights, Triangle West, Bristol BS8 1EB.
Telephone: (0272) 293701. Telex: 449834

Price Waterhouse

ESTABLISHED TOOLING DISTRIBUTOR WITH PREMIER BRAND AGENCIES

The opportunity exists to acquire from the Receiver the business and assets of a long established leading distributor throughout Ireland of machine tools, woodworking and associated general products.

- The Company has recently become involved in the development of energy-saving electronic products with considerable market potential.
- Exclusive agents in Ireland for many leading manufacturers
- Annual turnover in the region of £2 million
- Modern premises near Belfast and in Dublin

Memorandum of information available from
P F Rowan FCA, Price Waterhouse,
Royston House, 34 Upper Queen Street, Belfast BT1 6HG.
Telephone: (0232) 244001 Telex: 74287

Price Waterhouse

Light Engineering

Business and Assets for Sale as a Going Concern

- ★ A.M.D. Engineering Co. Ltd., based in East Twickenham.
- ★ Specialised sub-contracting engineering company to leading UK electronic companies.
- ★ Established 50 years ago.
- ★ Freehold premises of over 35,000 sq. ft.
- ★ Turnover in excess of £600,000 p.a.

Contact for details:
D R Philip, Receiver and Manager,
Robson Rhodes, 186 City Road, London EC1V 2NU.
Tel: 01-251 1644 Telex: 885734

ROBSON RHODES

Tyre Remoulder

Business and Assets for Sale as a Going Concern

- ★ Radial Remoulds (Corby) Limited, based in Corby, Northamptonshire, specialises in remoulding tyres for commercial vehicles.
- ★ Turnover approx. £1.2m per annum.
- ★ Leasehold premises of approx. 20,000 sq. ft. comprise factory space and offices.
- ★ The plant and machinery includes a Barwell extruder and 6 Cima tyre presses.

Contact: J. Kenneth R. Jones, Joint Receiver and Manager
Robson Rhodes, Centre City Tower, 7 Hill Street, Birmingham B5 4UU Telephone: 021-643 5494
Telex: 339420 ROBSON G

ROBSON RHODES

SEARLE OF WORTHING LTD IN RECEIVERSHIP
MOTOR VEHICLE DISTRIBUTORS AND GARAGE PROPRIETORS
ESTABLISHED 60 YEARS

Business for sale assets comprise freehold property, car showroom, service areas including plant and machinery, parts department and other associated assets.
Turnover £7.5m for year ended 31.12.82.
For further details please contact The Receiver P.R. Copp (ref 13PRC/PS) on 01-486 5858 or in writing.

SH Stoy Hayward & Partners
44 Baker Street, London W1M 1DH.

BLOUSE MANUFACTURER

Offered for sale the assets, undertaking and goodwill of the old established company of Perry Blouse Manufacturing Co. Ltd.
The company is situated at Birkenhead and has an estimated turnover of £3.8m per annum.
Further information from The Joint Receivers D. G. Rowlands and A. Griffiths, 1 Stanley Street, Liverpool L1 6AD. Telephone: 051 227 4211

Thornton Baker

ENGINEERING COMPANY FOR SALE

On account of the controlling director's retiring, a very profitable and continuingly successful engineering company is offered for sale with every facility of new premises, equipment and future orders available to prospective purchasers. The work undertaken is of a specialist nature and staff employed by the company are capable of day-to-day management and controls, requiring only administrative supervision. The last few years results show profits in excess of £100,000 per annum, and audited accounts are available. Situated in a very desirable area in the south of England, with full country and coastal amenities close at hand, this purchase would represent an ideal investment opportunity for direct participator or managerial control, with enormous future potential. It is ideally suited for a possible diversification of other company interests.

Offers are invited in excess of £1,600,000 and interested parties should apply to
Box G9197, Financial Times
10 Cannon Street, London EC4P 4BY

FOR SALE AS A GOING CONCERN

Printed circuit board manufacturing group of companies in Southern England. Long established, with M.O.D. certification and B.S. qualification. Turnover, generated from freehold sites owned by the group, is currently £2.8 million per annum, with scope for expansion.
For further information, please contact D.H. Lewis, Enterprise House, Isambard Brunel Road, Portsmouth PO1 2RZ. Telephone: 0705 753175 Telex: 869112

Thornton Baker

ZAMBIAN BUSINESS

A well established and profitable Zambian supplier of mining machinery and equipment with complete service and spares facilities and a manufacturing unit is offered for sale. The business has exclusive franchises for the supply of machinery and equipment. It is owned by a non-Zambian company to which dividends are remittable. The owners wish to sell the shares in the Zambian company or the shares in the non-Zambian holding company for sterling or dollars.

Further details can be obtained from P.O. 268,
St Peter Port, Guernsey, Channel Islands

SHOTBLASTING AND METAL TREATMENT
Business for sale

Established business in North Midlands. Automatic machines and manual blast booths. Leasehold premises with 65,000 sq. ft. floor area and good overhead cranage. Turnover £600,000+ p.a.
Contact: J. E. S. Dunn, Thornton Baker
28 Kenwood Park Road, Sheffield S7 1NG

FULLY LICENSED MEMBERSHIP CLUB
SITUATED WITHIN THE SOUTH WEST AND OCCUPYING A CENTRAL TOWN POSITION

The above business is offered for sale as an attractive and lucrative investment opportunity for direct or managerial control. The premises comprise a Function Suite, Squash Court, Licensed Bars and Meetings/Conference facilities, with residential accommodation available of 3/4 Bedrooms and usual amenities. Further new planning permissions are agreed for additional Squash/Function Rooms. The purchase may also be advantageous to any parties wishing to invest under the provisions of the business expansion scheme, for tax relief benefits.

ACCOUNTS ARE AVAILABLE AND OFFERS ARE INVITED IN EXCESS OF £125,000
Write Box G9189, Financial Times,
10 Cannon Street, London EC4P 4BY

FOR SALE — THE BUSINESS AND ASSETS OF A PRECISION ENGINEERING COMPANY

Operating from premises of 20,000 sq ft in East Kilbride near Glasgow and employing a total staff of 44. The principal business of the company is the sub-contract machining of components for the aero engine, oil and defence industries. Assets include a wide range of modern machinery including CNC machines and the capacity of the plant is well over 1,000,000.

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Societe Anonyme

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(Algerian Popular Democratic Republic)

MINISTERE DE L'ENERGIE ET DES INDUSTRIES PETROCHIMIQUES
(Ministry for Energy and Petrochemical Industries)

ENTREPRISE NATIONALE DES TRAVAUX AUX PUITS
(National Oil Exploration Company)

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Tenders should be sent to arrive by 12.00 hours on Saturday, 26 November 1983, at the very latest.
Selection will be made within 180 days from the closing date of this Call for Tenders.

REPUBLIQUE ALGERIENNE DEMOCRATIQUE ET POPULAIRE
(Algerian Popular Democratic Republic)

MINISTERE DE L'ENERGIE ET DES INDUSTRIES PETROCHIMIQUES
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FINANCIAL TIMES SURVEY
Tuesday October 18 1983

Enterprise Zones

An official report has produced a not proven verdict on Britain's first enterprise zones which are expected to reach the critical point in their development in the next two years. Fourteen new zones are being created, however, by the Government, suggesting the concept is firmly established in Whitehall economic thinking

Success still to be proven

BY ANTHONY MORETON

WHEN THE Government announced the creation of more enterprise zones in November last year it came as something of e surprise. Originally the first 11 zones were intended to be an experiment to be carefully monitored over the years.

Although the rationale behind the zones was economic the thinking was clearly political. The zones were intended to prove — or disprove — the theory that if left to themselves businessmen would prosper and the economy would grow faster than if they were constrained by a nexus of planning and other bureaucratic regulations.

Sir Geoffrey Howe launched the idea before the 1979 election while an Opposition spokesman and be translated his Idea into practice in his first Budget as Chancellor of the Exchequer in 1980. However, the administration was devolved on to the Department of the Environment, one way of saying that the Government did not look upon the zones as part of its regional policy, which is edministered by the Department of Industry.

The surprise of the second tranche of 14 zones is that the Government has not waited to see if the experiment has succeeded. The zone experiment is being carefully monitored for the Government by the Roger Tym partnership and its report on the second year of operation was not published until April 1983, five months after the second tranche had been announced.

Admittedly, the Government had had the report since the previous October and therefore was eware of its contents when making the announcement. But that makes the second list all the more surprising because the Tym report in effect brought in a "not proven" verdict.

The Government's approach to enterprise zones now appears to be in a considerable state of confusion. Although it was clearly stated et the outset that the zones are not part of regional policy they have been carefully chosen to reflect regional pressures: three for Wales, three for Scotland, two for Ulster and the rest spread geographically around England.

Surprised

The only part of England which does not bave a zone is the south west and the authorities running one of the recently-launched zones, around the Medway towns in north west Kent, were surprised to be awarded it because of the other regional and economic factors working to their advantage.

The biggest confusion is, however, in the thinking behind the second 14. Most of the original 11 were either single items, of a respectable size; or, where they covered more than one site, such as the Salford-Trafford zone, there was a certain unity since the land in the two boroughs merely bappened to be separated by the Manchester Ship Canal.

Now, bowever, it appears that the Government has looked for pockets of problems and simply lumped them together in a locality and called the whole an enterprise zone.

In the Tayside zone, for instance, there are seven quite separate sites, six in Dundee and one further north in Arbroath. The Government has taken e site by the city's waterfront, one by the airport, another on the technology park, added three more and the one in Arbroath and called it e zone.

Tayside is not alone. The north east Lancashire zone also covers seven sites bnt in four separate boroughs — Burnley, Pendle, Hyndburn and Rossendale. The sites, eccording to one official, are "a very mixed bag." The north west Kent zone is on five sites covered by three local authorities and Scunthorpe is on two sites.

In many cases the Government now appears to bave gone for modern industrial estates with development potential. This has happened in north west Kent, north east Lancashire and on Tayside. But it has drawn the boundary lines in what appears to be an arbitrary manner.

On the Altham estate in Hyndburn the boundary has been drawn in such a way that those fectories already built and occupied on the estate have been excluded from the zone. This would seem to be a sensible policy because otherwise the existing occupied plants would benefit gratuitously from the 10-year period of rates relief.

However, in Burnley, on the Rossendale Road estate, the boundary has been drawn in sucb a way that occupied factories are included.

The Government edmits there are some anomalies but claims that it bas deliberately set out to keep them to a minimum after burning its fingers in the first list when the number of occupied premises tended to be higher than was thought comfortable.

'Lost rates'

The result is that "lost" rates—the emount central government will have to refund local authorities for rate income on premises in the zones will probably not come to much more than £1m in the 14 new zones in the first year compared with an estimated £5m in the first 11 zones.

This means that rate relief, at 1981 prices, will now cost the Government some £60m over the 10-year life of the zones. No figures ere available for wbat tbe cost of the 100 per cent capital allowances will come to but it seems obvious thet the very minimum cost of the enterprise zone experiment will be £100m over the 10 years and It could quite easily approach £200m.

Has It been worth it? If it is thought that the Britisb economy will move more quickly through a freer form of government-industry relations then this is a relatively small sum.

The more important question is wbether the experiment is succeeding, to which there is a subsidiary question: should the government bave gone ahead with the second tranche of zones?

From the evidence available it is too soon to judge on the question of success. What is clear is that the critical point in the life of the zones has now been entered and within the next two years success or failure will be apparent

To gain the maximum benefits from a zone a company needs to start operations within it from the day of designation. The 10-year benefits operate from that day and progressively become less important as the life span of the zone expires.

After a certain period, thought to be about four years, the benefits to be gained in rate relief and capital allowances begin to be offset by the costs of removal and so on.

With the exception of the Isle of Dogs, in London's docklands, all the original 11 were designated between June and October, 1981, and so ere two years old. Between now and October 1985 they have to maximise the rate of entrants, and thns job creation, if they are to succeed.

Up to May 1982 just under 300 companies employing some 3,000 people started operations in the zones. Tbe Tym report suggests that just under half the companies, accounting for some 40 per cent of the jobs, were new starts.

From the Government's point of view, this might be thought to be en encouraging beginning.

However, the otber balf give less ground for optimism. One of the bopes of enterprise zones was that they would act as magnets for footloose investment. There is little initial evidence that this has happened.

Most of the companies which have moved into the zones appear to have moved from within the local community to take advantage of the rates carrot, thereby justifying the often bitter comments of estate agents and property developers that zones distort rents and property values by creating artificial markets behind the boundaries.

Tym found that nine out of every 10 entrants had come from the same county. Three-quarters of the companies moving Into the zones confessed they would not bave looked outside the county for new premises and an overwhelming 85 per cent said they had no intention of going outside the region. It would initially appear, therefore, that zones have done nothing to create industrial and regional mobility.

There are two main and one minor exceptions. Swansea and Corby are the major exceptions and Wakefield, no donbt belped by its superb position on a motorway crossroads, the minor one. Each of these has attracted a considerable amount of incoming investment from outside the locality.

Inducement

All three benefit from extra ettractions since they bave assisted area stetus and this, on top of the zone inducements, bas been found to be a powerful factor.

The Isle of Dogs might also be described as an exception but, because it started life well after the others, it is not yet clear bow far its big influx of jobs is due to the zonel incentives or, as is more probable to its fortunate position just a mile or two east of the Tower of London.

Certainly, zones bave proved to be an important marketing tool for those euthorities wbich have them. Planning officers state, almost without besitation, that zone stautus attracts a lot of inquiries and some potential entrants look at the wider area once they bave seen the zone.

Many of the earlier zones such as Liverpool, Dudley and Hartlepool, suffered because the amount of infrastructure work tbat had to be done held up the arrival of potential incomers, and therefore cut the benefit-time that a company could expect to build into its accounts. The Government appears to have gone out of Its way In tbe second tranche by chosing sites with developed, or easily developed, industrial estates in order to maximise the attractions.

The question that might then be asked is whether this is not loading the dice in favour of the experiment. There is a feeling, especially among developers, thet zones are no longer seen by the Government as an experiment but as part of official economic thinking. It might be belpful if a minister restated the philosophy in order that others might be in e better position to judge the results.

CONTENTS

ENTERPRISE ZONES II

On this and the facing page, the location and prospects for the new enterprise zones are analysed

Middlesbrough

THE COUNTY of Cleveland has hod the bigbest unemploymeot on Mainland Britaio for much of the recession, though its geographic and demographic structure has allowed it to escape many of the urban scars normally associated with industrial decline and a 20 per cent unemployment rate.

Ooe way of colculating Middlesbrough's unemploymeot results is a figure of about 23 per cent with some pockets as high as 50 per cent.

The Britannia enterprise zone, which is soon to receive its designation and is in a Special Development Area, covers 190 acres within a loop of the Tees north-west of the town centre.

The borough council owns just under half — in the Riverside Park part in the zooe's northern section. It has sold some land to the English Industrial Estates Corporation which has about 15 acres in the eoterprise zone.

The biggest landowner after the local authority is Trafalgar House. It has 56 scres including the former Britisb Steel Corporation Britannia works and the Linthorpe and Dinsdale Whsrves.

At the oorthern end of the zooe some 70 units have been built over the last five years, mainly by the EIE. Practically all the small units of 45 to 90 square metres are occupied.

There has been a small surge rather than a rush in the take-up of properties since the prospect of an eoterprise zooe emerged. However, council officers have been pleased by interest shown in the zone's development, prior to its formal designation.

The CAD/COM Association (compnter aided design and manufacture) is working on proposals in conjunction with Cleveland County Council to develop what planners hope will be a large complex in the zone.

Ecooomic decline and the physical problems of north Middleshrough formed the central elemeot in the borough coucil's submission.

The Iroomasters district io north Middleshrough was a major centre of iron making and heavy angineering. Much of this eventually moved to the mouth of the Tees but closure of beavy engineering and fabricatioo plants bas taken a high toll.

At the same time the huge amount of regional aid money spent on Teesside during the late 1960s and 1970s was directed at capital-intensive industries. This created only limited new employmcnt in industries such as chemicals aod steel which bave suffered since from severe ratiooalisation under the pressure of world-wide overcapacity.

Network

Industrial dereliction has followed in the wake of these stresses. The Governmeot's reversal of an earlier decision to move the Property Services Agency to Middlesbrougb was a further blow.

The county and tha borough have been promoting iodustrial development during the recession. A number of schemes in the inner area programme will also improve north Middlesbrough's potential for development.

The zone is already connected to the motorway network hy dual carriageway road, aod rail and dock focilities are on its doorstep.

Nick Garnett

Telford

WREKIN district council, the local authority that encompasses Telford New Town—ooe of the troubled West Midlands unemployment black spots with ooe in five jobless—is a lote convert to enterprise zones.

The council, which had beeo campaigning for assisted areas status, was a clear front-runner for the first round of enterprise zones awarded in 1980. But Wrekin spurned the idea. "Councillors were very concerned that an enterprise zone could mean a planning free-for-all and the whole concept of Telford is one of a planned environment," explains Mr Roger Paine, the chief executive.

Experience of the way enterprise zones had operated in practice and the special concessioo made for Telford swung support behind the idea this time round, Mr Paine says.

Forbidden

The concession which he claims makes Telford unique is that the prime site of the fiva in the 250-acre designated area is forbidden to industry. Councillors intend to ensure a 20-ocre site close to the town ceotre will remain up-market for use for offices and botels only. The aim is to boost service industries in a town which, with a population of 126,000, remains over-depeodent upon manufacturing industry.

Talks have already taken place with developers and there is confideoce a botel project will soon be coming out of the ground. The developmeot corporation — another plus for Telford in generating rapid growth—is already building a 32,000 sq ft speculative office block on the town centre site.

The development corporation owns four of the sites with the other, of only 20 acres, held by a local steelmaking company. A joint steering committee with represeotatives from Wrekin Council and Telford Development Corporation has been set up to supervise the enterprise zone which is expected to start operating in January.

The man to head up the marketing campaign, Mr Michael Morgan, formerly commercial director of the development corporation, has already been appointed: "The inquiries are already streaming in even before wo have started advertising," be says.

Mr Morgan sees the key to the success of the enterprise zooe as the opening, scheduled next mooth, of the long-awaited M54 two-lane motorway link direct to the M6. "The eoterprise zone straddles the new motorway with two exits giving direct access to industrial sites," he points out.

Though Telford scrupulously avoided "old or rundown buildings" on its sites for designotion, there was some 300,000 sq ft of modern industrial space vacant at the time the application was made in November last year. Mr Morgan is confident that by the time the enterprise zone gets underway next January, not only will all the empty space bave gone but other new projects will be underway.

A. S.

Rotherham

ROTHERHAM IS well aware that its new enterprise zone is not the answer on its own tn the town's unemployment problems. The hope is that it might represent something of a counterbalance to unpleasant, long-term structural changes in its industriol base.

"If it stimulates interest and we can get companies tuned in on Rotherham, get a change in emphasis it will bave done its job," says Mr Peter Fairholm, Rotherhsm's assistant director of planning.

The south Yorkshire town is trying to rectify problems which originated in the 1960s. Io the four years from 1968, Rotherham lost 11,000 jobs in coal and steel. The unemployment rate is now 19 to 20 per cent.

The zone designsted in August covers 260 acres stretching almost from tbe town centre towards Car Hill and Rawmarsh in the north. It is in a Development Area. Rotherham metropolitoo borough council owns about a half of the 201 acres of developable land. The rest is in fragmented ownership, mainly of the natiooalised industries.

Tbe council intended using the site as an industrial estate long before the possibility of ao enterprise zone was raised. It has already put in a road, pavements and power and 1,000 trees as part of a landscaping buffer with the green belt north of the zone.

The South Yorkshire Canal, which has recently been upgraded at a cost of £16m, runs ioto the zone which has an inland water terminal.

An "A" class road runs through part of tbe zone and the M1 motorway passes close to the town.

There ore few buildings on the site. One is an 80,000 sq ft purpose-built, air-conditioned office block vacated by Grattan Warehouses just 150 yards from car parks snd a bus station. There is also a 37,000 sq ft ex-steelworks heat treatment plant.

The move to put Rotherham more firmly on the map is already showing signs of reaping results. The couocil says that since the end of last year it has had bundreds of inquiries.

Magnet Southern is completing o 50,000 sq ft plaot it had decided to build on the site before it positively knew it would be designated an enterprise zone. This will produce toughened glass.

Hillfords has also signed up to build a supermarket in the zone employing an expected 100 people.

N. G.

Wellingborough

WELLINGBOROUGH, ooe of the booming small towns of the 60s and 70s—it boasted the lowest unemployment rate in prosperous Northamptonshire—was perhaps the most unlikely candidato for consideration as an enterprise zone.

Alan Northen, 70-year-old leader of the Conservative-controlled borongh council, says it came as "quite a shock" when a series of closures by big employers pushed unemployment from only 4 per cent in 1979 to around 14 per cent within two years.

The Wellingborough zooe has 135 acres, of which only 95 are capable of developmeot, and is one of the smallest zones in the country. Mr Northen agrees that eould be with good reason. He believes the Government saw the need for a short term boost to help the town over a particular hurdle.

He is confident tha whole site can be developed, let, and some 2,000 jobs created within two years. Indeed, Mr Bob Eotwistle, the director of development, has only been oppointed on a two year contract.

Mr Entwistle, a 38-year-old property man with experience in new towns, local authorities and privote practice, believes he is off to "a flying start." Since designation on July 26, the bulk of the 67,000 sq ft of the first speculative units has been let. Some 500 jobs are already in the pipeline, including around 250 for TNT Road Freight (UK) which was already committed to the site prior to designation.

Mr Entwistle argues the fact Wellingborough council had the 135 acre Park Farm aite already in its ownership and serviced was a factor influencing the Government in declaring the enterprise zone. "The Council demonstrated the right philosophy: that things were ready to happen and would happen quickly."

Another consideration, he believes, was the artificial incentives oo offer by nearby competitors. Corby, just 10 miles away, not only has an enterprise zone but also enjays assisted area status. Northampton, which is even nearer, has a new town development corporation to promote growth. The other new towns of Milton Keynes and Peterborough are also seen as competitors for mobile industry.

"Unless it was given help, Wellingborough would have fallen under the shadaw of the towns around it," Mr Entwistle says.

Welcome as the enterprise zone is, Mr Entwistle believes a bigger attraction for the town is the 15-mile dual carriageway link westwards to the M1. A non-stop high speed train service to St Pancras, London, takes only 50 minutes.

Wellingborough, as an overspill town for London, has seen rapid growth over the past two decades to push the population to 64,000. The modern Arndale Shopping Centre is an attractive retail area. There is a long-standing surplus of office space, but, with rents for modern accommodation still only £2.00 a sq ft, ferther development is highly unlikely.

Anthony Moreton

N.E. Lancashire

NORTH EAST LANCASHIRE is another multi-size zooe. There are seven sites covering ahoot 250 acres within foor local-authority districts—Burnley, Hyndborn, Pendle and Rosseodale. While the cooncils are responsible for both infrastructure and contractual negotiations, promotioo is undertaken hy the North East Lancashire Development Association.

Burnley and Rossendale have one site each and, confusingly, the name of the Burnley site is the Rossendale Road estate. As with the other two districts, all the sites are on existing, relatively modern industrial estates. While they vary in size there is a certain homogeneity among them.

The Government has been careful, too, not to include old cotton mills within the sites. It sees the zone as an opportunity to get industry into modern areas rather than rehabilitate derelict or empty mills.

The Rossendale site is a new industrial estate and has the advantage over all others that it is wholly in a development area. None of the other three local anthorities has assisted area status.

Bornley has the largest area, covering some 100 acres, with a substantial Lucas unit on it which the company is building up, having booght the plant from GKN.

Hyndburn's Altham estate is considered by many to be the premier site. It is in the early stages of development, having four factories of 20,000 sq ft already built.

The other two sites in the borough are more modest in size, one being part of an ex-GEC complex and a Corborundum works. The latter has now been let.

In Peodle, which is probably better known as Nelson and Colne, the new industrial estate, Lomeshaye, is next to the northern end of the M65 motorway, which will eventually run from Colne to Blackburn. It is a particularly well-placed estate.

Anthony Moreton

West Cumbria

THE NEW Workington enterprise zone which covers 210 acres on the West Cumbria coast is different from most others lo two ways.

First, not only is the zooe in a development area but it is also withio a steel closure area, enjoying the locentives that offers, and has an eoterprise trust providing centralised assistance for incoming companies.

This is Mobet, an independent agency owned by BSC (Industry) and the local outhorities. Its manager Mr Winterbottom is o former merchant banker.

Secondly, the area surrounding the zone has ao ecooomy largely dependeot oo industry but is really a small enclave in a regioo dominated by agricultural, leisure and other non-industrial activities.

The West Cumbrian coast has been subjected to strong structural changes in industry and recessionary pressures.

The British Steel Corporation's Cumbria operation has suffered substantial redundoncies. Other plants, such as those of British Industrial Plastics ood Tootal's Condura Fabrics, have closed.

These overall pressures have giveo Workingoo's travel-to-work area, which includes Maryport and Aspatria, an unemployment rste of 17 lo 18 per cent. Maryport's rate is around 25 per cent.

The zone's six separate sites vary considerobly in size. They include the steel-work area in Worklogton, which incorporates the Clay Flatts trading estate where English Industrial Estotes has been building small and medium-sized factories, and the Mobet trading estate which is the home of the business advice ceotre serving the whole of West Cumbria.

The Sidick orea between Workingtoo and Maryport includes a relatively modern building of 152,000 sq ft ready for occupatioo. Just outside this part of the zone is a warehouse and distribution centre.

The Solway port of the zone has a trading estate operated mainly by EIE. It is being modernised.

N. G.

Tayside

DUNDEE is the most multi-sited zone of all those created. Whereas many of the original zooes—and even some of the second tranche—comprised a aiogle site, Dundee's zone is on seven separate sites, six of which are in the city and ooe 20 mioutes away in Arbroath.

The multiplicity arose from the Dundee Project which grew out of a waterfront study and came to eocompass the city as a whole. This project identified a number of sites capable of developmeot and these were accepted by the minister.

The Arbroath site, at Kirkton, is the largest, coveriog 90 of the zone's 250 acres. It stands on the edge of the town and has beeo choseo with oo eye to capturing some of the work which has gone to Aberdeen, an hour's drive to the north, now as a result of North Seo oil, one of the most prosperous cities in Britain.

Arbrooth is the maio centre in Tayside for mechanical engineering and it is hoped the zooe will appeal in particular to offshore engineers. Part is at preseot farmland and so offers the prospect of bespoke developmeot, though there are already advance factories oo the site, put up by the Scottish Developmeot Ageocy, for those who want off-the-peg premises.

The Dundee authorities are bopiog to use the large number of sites to develop a form of zone specialisation. The 30 acres by the port will clearly be a focus for offshore oil activities and it is similarly hoped that oeronautical coocerns will go to the 30 acres next to the airport on the western entry to the city.

The second largest site is on the technology park, which has 120 acres in all, though only 60 are within the zone. These are being developed with an eye to attracting high-technology industry to complement those already associated with the park.

The mainly undeveloped part of the Wester Gourdie industrial estate has also been included in the zone aloog with an area of some 30 ocres in the city centre which has a long waterfroot.

The attraction of the zone, according to Mr Howard Moody, of Tayside regional council, "is that the public outhorities own most of the land. We can therefore perform io such a way that the aspirations of the private developers are not held up."

The response tn the zone, which is expected to be designated early oext month, has so far been muted. There has been some oil-industry interest but more general reaction is expected after Tayside begins to market the zone more forcefully.

A. M.

ENTERPRISE ZONES III

Delyn and Milford Haven

THERE WAS no shortage of interest among Welsh local authorities when the Government announced plans to extend the enterprise zone experiment to fresh areas.

Wales's first zone — at Swansea—has proved to be among the most successful in the country. In its first two years of operation, it has attracted some £12m worth of capital investment, creating some 700,000 sq ft of new industrial and commercial space and at least the same amount again is under negotiation.

The number of new jobs created in the Swansea zone so far is not large—365 at the last count—and it has led to a certain number of local companies simply relocating to take advantage of the zone benefits. But some 1,200 jobs are promised in the longer term. Moreover, zone designation has had the effect of accelerating the redevelopment of the lower Swansea Valley, once a by-word for industrial dereliction.

The two new Welsh zones share some of the dereliction problems of Swansea, though in less acute form. On the other hand, they are not so favourably located in terms of road communications, though improvements are in the pipe line.

The new zone at Flint, North Wales, one of the UK's worst unemployment blackspots, extends to 293 acres and its recent official approval has already begun to have a significant impact on the lower landscape.

Designation has triggered the demolition of three former Courtaulds textiles mills and the former Grosvenor Chater paper mill which, between them, once dominated employment in Deeside town.

Thanks to generous help from the Welsh Development Agency, the local authority, Delyn Borough Council, has been able to put in train a two-year £6m programme to clear 100 acres of the new zone for new industry. New factories should start to appear on the ground early next year.

Activity

The proposal to grant enterprise zone status to more than 350 acres on either side of Milford Haven, West Wales, represents a fresh attempt to promote more economic activity around one of western Europe's best deep-woter anchorages.

Milford Haven's recent economic record has been one of dashed hopes and unfulfilled promise. The dramatic growth of oil-refining capacity around the Haven in the 1960s led to an appreciable expansion in the local labour force but failed to generate a significant expansion in downstream activities and now one of the five oil terminals, Esso's refinery, has shut.

In the early 1970s, the Haven went to great lengths to prepare for o major Celtic Sea exploration effort but following disappointing early drillings, interest evaporated and, with it, the prospect of large numbers of exploration-related jobs.

In 1979, the Irish British and Irish Steam Packet Company Ltd line opened a regular ferry service between Pembroke Dock and Cork which promised to produce considerable spin-off benefits but earlier this year the service was abandoned for all but the peak summer months, a victim of the recession. The once large local trawling industry has also all but disappeared.

The net overall result is that the local unemployment rate is running at some 30 per cent.

Unusually, two district councils, Preseli on the north bank and south Pembrokeshire on the south, are involved in managing the Milford Haven zone. But they have moved quickly to establish co-ordinating machinery by setting up a joint EZ committee and initiating moves to appoint a manager.

They also plan to create an EZ forum embracing other interested public sector bodies, such as Dyfed County Council and the Milford Haven Conservancy Board, and private sector interests, who would meet regularly to air problems and review progress.

Formal designation of the Milford Haven zone is expected next February when the statutory consultations procedures should have been all completed.

In the meantime, the two district councils have put forward plans for a zone consisting of 13 separate sites—seven on the north bank and six on the south bank—in order to take maximum odvantage of two key local features. One is the deep water access, the other, a wide variety of different sites and buildings which are in need of development or redevelopment.

Designations

Preseli's proposals take in 48 acres of the Milford Docks area, three other sites with deep water access—two of them at Netee Neyland which are undeveloped and a third at Ward's Yard which has a jetty and two others embracing both existing industrial estates and greenfield sites. They add up to 195 acres and cover seven miles.

South Pembrokeshire's proposal embraces six separate sites totalling 166 acres in and around the town of Pembroke Dock. The two largest sites are 49 acres of the former Royal Noval Dockyard and 53 ocres oround the Waterloo estate where there is scope for the development of a marina.

Other planned designations include the land, buildings and jetty originally developed as the Celtic Sea supply base, as well as more conventional industrial land and buildings.

Robin Reeves

Londonderry

QUITE A FEW things are out of the ordinary about Londonderry's Enterprise Zone. This, perhaps, is just as it should be in an area where the problem is not so much the rejuvenation of old industrial areas, but the fact that the industrial revolution never really arrived.

The city's traditional source of industrial employment was the shirt industry but Londonderry never acquired the heavy engineering and textile industries of Belfast. In recent years the area received further blows with the closure of man-made fibre plants such as Courtauld's.

The enterprise zone planners have responded to the city's particular problems by, in fact, designating its existing industrial estates at Pennyburn and Springtown as an enterprise zone. Outside the city, the 80-acre Courtaulds' site and 20 surrounding acres have also been designated as part of the enterprise zone.

This leaves the zone with advantages and a few problems. The biggest problem is a Courtaulds plant; 1m sq ft of highly specialised building. The factory was designed to process raw material through to finished fabrics and this makes it difficult to divide it into suitable small units.

A single tenant seems unlikely, although Courtaulds are said to be considering imaginative ways of making use of the building. One small firm making facing material for the construction industry is already operating from an adjoining building.

Attractive

The advantages include the fact that the Londonderry managers are operating an enterprise zone which comprises fully-serviced, attractive industrial estates. The Pennyburn estate is already largely occupied although there is plenty of room for expansion at Springtown.

The Ulster zones, Londonderry and Belfast, are run by contract managers. In the case of Londonderry, the contract went to PA Management Consultants. They report to the local office of the Department of the Environment (NI). The department is represented on an advisory committee, comprising local interests such as city councillors, the Chamber of Trade and the CBI.

Derry entrepreneurs are encouraged to call upon the skills and experience of PA. "We will quantify their business plans, draw up projections for future growth and provide the legal and bureaucratic paperwork," says Mr Edward Cartin, manager of the zone.

PA also has clear ideas about how jobs can be created in a peripheral area like Londonderry. It does not expect outside investment to play a large part in the development of the zone. It does believe that outside companies can help expansion and diversification of existing local companies through joint ventures and licences.

Civil servants have been impressed with the speed with which PA was able to get the zone operating. Stewart Anderson, director of PACE, the division dealing with job creation says: "We have a potent mixture here of private enterprise and public sector. We believe it can produce results."

Brendan Keenan

Invergordon

THE SCOTTISH OFFICE chose Invergordon as an Enterprise Zone following the industrial body blow to the Scottish Highlands caused by the closure of British Aluminium's smelter just outside the town in December 1981.

About 890 people lost their jobs with the closure and the carcass of the huge works has lain like a dead beast, its chimneys sticking up like legs into the air.

The recent official designation of Invergordon along with a £10m cash injection for the area were essentially political gestures from a government not ready to intervene directly to save the smelter.

But the new Enterprise Zone and its administration, run from the offices of the Highlands and Islands Development Board, face an uphill struggle to bring new industry and business into the Cromarty Firth area of the Highlands.

It can be argued that, as the most rural of the British enterprise zones, the largely urban advantages of a zone such as rates relief and relaxed planning procedures are wasted.

The zone appears to some critics as only offering marginal enticements to new industry in the light of the existing financial lures such as the EEC, grants ceiling which allows government assistance of up to 75 per cent of capital costs in the highlands compared with 30 per cent in the rest of Scotland.

What industrial expansion there has been in Scotland has largely been in the central belt area between Glasgow and Edinburgh and in the Scottish New Towns.

What Invergordon does have going for it is a good location of offshore support industries. Britoil's oil terminal is nearby at Nigg along with Highlands Fabricators' offshore construction yard. Recently several semi-submersibles were seen anchored in the Cromarty Firth for maintenance work by local engineering firms, a pointer to the Firth's good location out of the more exposed areas of the Moray Firth.

The Cromarty Firth Port Authority also controls an offshore base at Nigg which will be linked by a new road to the easterly part of the zone as a further encouragement to offshore support industries.

But Invergordon is not alone bunting for the lucrative business that comes with offshore development. Ports like Lerwick in the Shetlands, and Montrose and Peterhead to the south, all compete with the main oil industry port of Aberdeen for attention.

The zone has been divided into two areas, the first between the town of Invergordon and the former smelter, and the second to the west, adjacent to the town of Alness on an existing industrial estate.

Mark Meredith

Scunthorpe and Glanford

SCUNTHORPE'S zone, approved on September 23, has already attracted considerable attention. "It has brought people to the town who probably would not have otherwise come here," according to Mr Ian Hutchison, the borough surveyor. "They have been more than pleased with what they have seen."

The zone is in two or three parts, depending on whether the nearby zone in Glanford is included. Glanford disputes inclusion but Scunthorpe is including it in its marketing drive.

The two Scunthorpe sites comprise 259 acres. The original intention was to have one site covering the old British Steel Corporation's works at Normanby Ridge. However, English Industrial Estates lobbied for the inclusion of o second area, Queensway, and its 40 acres have been added to Normanby Ridge's 219.

EIE has forged ahead with units at Queensway and has e 25,000 sq ft advance factory olmost ready and two others of 15,000 and 10,000 sq ft approaching completion. It also has land available.

At Normanby Ridge 60 acres have been reserved and two developers have gone ahead on a greenfields site.

The council thought the former iron works would be more difficult to move but has been surprised by the speed with which it has been taken up.

Both the central engineering works, a large building which would probably cost £2m to build today, and the rolling mills were included. It was felt these, with their high roofs and ample floorspace, would provide good workshops for large engineering companies.

In the event, two companies fought for the engineering works. A local company took the laboratories and what Mr Hutchison describes as "a big company" took the rolling mill and associated ground.

These deals were signed, and money exchanged, well before designation, subject only to the condition that the enterprise zone would go ahead. "This has given us a magnificent start," Mr Hutchison says.

The council has acquired the remaining 100 acres and while the Government would clearly prefer private participation, local authority participation allows the zone to seek European Regional Development Fund assistance through grants from Brussels since only public authorities can claim these.

The Glanford zone, covering 100 acres, is technically a separate zone, though it is closer to the centre of Scunthorpe than the Normanby Ridge area. The two authorities are co-operating closely over marketing policies.

Glanford was included after North Derbyshire withdrew and its 100 acres cover the Nypro chemical works site at Flixborough which was burned down in the mid 1970s, rebuilt and re-opened only to close two to three years ago.

The site has a modern, well-equipped office block, good services and other buildings.

Tony Moreton

North West Kent

WHEN THE North West Kent zone was announced it both delighted and surprised the authorities in the area. Delighted them for obvious reasons: pleased them because with so many natural advantages already in their favour—nearness to London, accessibility to the Channel ports, at the hub of the South East, on the motorway network—they hardly expected to be chosen.

The area in which the zone is sited is, very approximately, bounded by the Thames estuary to the north, the M2 motorway to the south, the Dartford Tunnel to the west and Sheerness to the east. It embraces three local-authority districts—Gillingham, Gravesham and Rochester—and the zone itself comprises 310 acres.

Mr David Homewood, economic development consultant for the zone, says: "Since we were notified of enterprise zone status we have been pleased at the interest generated, not just in the zone but in the whole area.

"Following the announcement, just over 30 companies have moved into the area, or announced their intention of doing so, such as Tesco, which is buying the old Metal Box site to develop as o distribution centre for the South East.

"Interestingly, not all 32 are going on to the zone and so we believe the zone will have a beneficial effect on the whole orea. Local developers and estate agents, who once thought it would divert resources within the area, are now coming round to seeing the greater overall benefits."

The zone comprises five quite separate units, the most important of which is the 112 acres of the Gillingham Business Park. The park, a Grosvenor Estates development, is being constructed in seven stages, four of which have already been let. So far 12 acres have been developed and a further 90 remain.

The park has recently-built buildings, mainly leasehold and is just 12 minutes by dual-carriageway from the M2.

The second site comprises 72 acres on the Frindsbury peninsula near Rochester. This is a riverside greenfields site opposite Chatham dockyard and has only basic services. There is an access road and some other services but it has still to be developed fully.

It is owned by a consortium of four partners, each of which will develop separately but to an overall plan. The local council is one of the partners, as is John Howard Construction group.

Local history finds an association with the third site through the Knights Templars, after whom Knight's Road, Strood, was named. This site can be sub-divided into on existing industrial estate, on which many older factories such as the Metal Box which lie empty awaiting development, and 12 acres of land owned by Blue Circle which are free of buildings.

The fourth site comprises 40 acres of the former Imperial Paper Mills at Gravesend. A new access road is to be built from it to the M2 and the mill, owned by Reed, has to be pulled down before development can start.

Finally, there is the 25-acre Springhead Road site at Northfleet. This is owned by the council and is greenfields. Contracts are out to tender and it is expected that building will start on it early in November, soon after designation.

T. M.

ENTERPRISE ZONES IV

How the existing zones are faring

IT IS now 26 months since Swansea won the race to become the first enterprise zone to open its doors for business. Within a matter of days Corby was the first English zone to go operational and all have now attracted industry with varying degrees of success.

Some, like Clydeside, have attracted over 130 companies, a considerable proportion of which are new to the area. Others, like Corby, have reached point where they beve almost absorbed their supply of land; factories are still being built on the Corby site for occupation in 12 to 18 months' time, but after that the zone will be full.

Others have been less successful but all have attracted a certain amount of new work and have contributed to the regeneration of run-down areas.

Corby has fared particularly well and at the end of last month announced another massive project. Computer concern Commodore has decided to centralise its facilities in the town within the zone and increase the number of employees from 160 to an eventual 1,000.

Even this does not make it the largest concern because R. S. Components is to put all its people—at present numbering 615 in the town—in a warehouse on the zone and increase the number employed to 1,100.

The 70 companies in the Corby zone now provide work for over 2,000 people and its attractions have been sufficient to induce other companies to move to the town itself. BAT Industries, for instance, could not find a space large enough on the zone but settled for a location in the town.

Mr Fred McClenaghan, director of industry, says rents continue to be strong, despite some initial pessimism, with very small units commanding £3 a square foot and those over 1,500 square feet going for £2.40 a square foot.

This success is in contrast to what has happened in the Newcastle part of the Newcastle/Gateshead zone. In Gateshead, which comprises some 500 acres of the 590-acres zone, the Team Valley estate has been reasonably successful but the Newcastle part has been bedevilled by the decision of Vickers to move from Elswick to Scotswood.

The authorities had expected Vickers would stay and develop the Dreadnought project at Elswick. When the company moved, the local authority had the task of demolishing some 70 acres before the site could be prepared for building, a process which should be completed by Christmas.

This means that factories will not be ready for occupation for another 18 months to two years, which is four years into the life of the zone and epproaching the critical stage from a company's point of view because the tax attractions begin to run out as the zone's have a ten-year life.

Most of those setting up in Newcastle have come from the locality and there has been little transfer from outside the North East. Most have moved in as a consequence of developments within the local property market—leases falling in, factories ageing, expansion limited by floor space available. There have, though, been e number of new starts, which is what the Government originally hoped for, and there has been a lot of public-sector investment in run-down areas.

Blue-chip

The Isle of Dogs, in London's docklands and under the authority of an urban development corporation rather than a local authority, has benefited from its position and managed to attract a number of blue-chip companies, some of which will prodnce a large number of jobs. It is expected that a plant for the Daily Telegraph, for instance, will eventually employ over 2,000 people.

Two extensions to the area of mnes have been announced by the Government, one in Wakefield and the other in Dudley. Wakefield was, as originally designated, a small zone of just 138 acres so that an extension made sense in view of the area's needs. It has had relatively few incomers compared with other zones.

Dudley, a larger site, with 510 acres, has had another 105 added, presumably to offset the problems created by the closure of the Round Oak Steelworks. The original area almost surrounded the steelworks and it made sense to include the works' site in the zone after closure.

At Hartlepool all six sites on British Steel's Sandgate development have been sold and work brought forward on development of small units. So far, over 500 new jobs have been created.

Liverpool always faced one of the more difficult problems because it had both the enormous Dunlop works and BL's former TR7 car plant each with over 1m sq ft of space under their roofs. The zone has attracted 55 companies, 42 of which are in EIE advance factories. Four of those 55 have gone to the Dunlop plant and nine to the BL works.

Of the 55 it has been calculated that 22 have moved from another part of Liverpool, 11 are new starts, eight have come from Mersyside itself and eight from outside the county. The zone has 631 workers of whom 130 are net gains. Manufacturing and service industry share the companies in equal proportions.

First out of the starting blocks, Swansea continues to lead the way. It has attracted more than £12m in private investment covering more than 700,000 sq ft of space, with as much again in the pipeline. Big names attracted include Marks and Spencer, Renault and Ford (both dealerships). New jobs created have amounted to 365 with slightly more from company locations.

The Belfast zone has managed to attract a surprisingly high proportion of private investment and has gone a long way towards meeting the city's shortage of small workshops. Although the number of jobs created is small in relation to the city's—and the province's—needs the authorities have been gratified by the response.

Salford/Trafford was also the focal point of the greatest opposition from the developers, largely because of the enormous development at Trafford Park, which it was thought would be damaged. Derelict land clearance has gone ahead and work undertaken to open up the Manchester Ship Canal's development land in the docks.

Anthony Moreton

Tesco's supermarket in Swansea enterprise zone. Swansea was the first EZ to open its doors for business. It is considered to be among the most successful

PROFILE: PP PROFILES

Efficiency tightened

THE EXPERIENCE of small engineering company PP Profiles highlights some of the problems and some of the benefits of moving into and operating from an enterprise zone.

Mr Ian Clark, owner of the company which employs just seven people was working from a converted mill in Walkden, north of Manchester, but had been wanting to buy a good, previously-owned factory also in the Greater Manchester area. He had had great difficulty in finding one and "paying rent was eating me up," he says.

He approached Salford City Council when the enterprise zone was designated. The result was that in May this year Mr Clark moved into an 8,000 sq ft factory he had designed himself and which he bought for £120,000 repayable to the bank over 10 years. He also purchased the 0.6 acres of land for £34,500 out of his own finances.

The company, which makes profiles from steel plate prior to their finishing by other engineers, is now much closer than it was to the centre of the Greater Manchester engineering belt yet is still near enough to existing customers in north Manchester.

The premises, which include an 8,000 sq ft concrete yard, provide the basis for a much more efficient operation and the company has a rates free period of eight years.

But epart from the difficulties of obtaining orders in a recession-hit industrial sector Mr Clark has faced some special problems. The site he moved onto was the home for 24 terrace houses when he first saw it and he believes the enterprise zone was created before the land was reedy.

Thet, he says is e minor point. More serious, however, is the power supply. Mr Clark says an inadequate electricity supply has forced him to downgrade a crane and has prevented him from installing some grinding machines. He is hopeful, however, that new discussions with the city council might provide a solntion to the problem.

Mr Clark also shows e little exasperation at the number of non-manufacturing companies which have moved into the zone. "My next door neighbour is a taxi firm," he says. It would have been much better for his business if other engineering companies had moved in. "As it is I haven't got a customer in the whole zone."

Mr Clark is glad he moved and is delighted with owning his own factory. However, he says he probably would have come to the Salford area without the fillip of the enterprise zone.

Nick Garnett

PROFILE: HERMAN SMITH

'Suddenly, the red tape was removed'

"MANNA FROM HEAVEN," is now Mr Michael Herman-Smith enthusiastically describes the enterprise zone concept. He says be has good reason to be thankful for the "blip" in the Dudley enterprise zone that means four out of the 13 acres of his factory site qualify for the benefits. It enabled his company, Herman Smith—founded in 1895 and one of the West Midlands highly-regarded but traditional precision engineers—to move quickly into high technology.

With the onset of recession in 1980 and the decline of the long-established markets—the labour force had to be chopped from 575 to 430—Michael Herman-Smith saw the way forward as moving away from the conventional metal-bashing of the region into "composite materials"—the complex combinations of glass, carbon and resins that offer the benefit of lightness and strength, the quality much in demand in the aerospace, defence and high technology industries.

Mr Michael Herman-Smith: "We are increasingly confident we have taken the right decision to move the company into even higher technology"

Agreement

Herman Smith believed it had the reputation, expertise and necessary markets to exploit the potential. What it needed was to break quickly into the new technology of composites. Time was short.

The search for a suitable partner led across Europe to the U.S. and Hitco, a group of subsidiaries of Armco, specialising in composite fabrications suitable for aerospace, industrial and commercial applications not only in the UK but throughout the Common Market.

An agreement to form a jointly-owned British company, Herman Smith Hitco, on a 50-50 basis was signed in October 1981. Within three months construction work was underway on the first 54,000 sq ft phase of the new factory at Dudley. The technology has been transferred successfully and the new plant came on stream in the spring of this year.

Mr Brian Walker, managing director of the new plant, currently has a staff of 24 which will almost double by the end of the year. He says the target is to build another two phases of the factory—each of 40,000 sq ft—within five years. Employment will rise to around 300.

He maintains a key factor in the growth of the new company has been the speed at which it has gained official Ministry of Defence approval for the quality of manufacturing. "We already have important orders in the bag and many more under negotiation."

Mr Herman-Smith says it was the designation of the enterprise zone that made possible the whole deal with the U.S. company. "Suddenly the red tape in getting such a project underway was removed."

Approval

He argues that industrialists in the West Midlands could previously have expected to spend up to two years negotiating for an industrial development certificate and detailed planning consent. "In this case all we had to do was design the building and get engineering approval. We were not forced out of the area we know. We wanted to develop here where we bave the land, the labour and the skills."

Mr Herman-Smith says the £1.75m investment committed to the new company was aimed at the medium term not at e quick profit. "A good investment, like a rose, takes time to grow."

"The burden of the start-up cost had to be borne by the parent company. But we always knew that would be the case. We are increasingly confident we have taken the right decision to move Herman Smith into new markets and even higher technology in order to ensure its future."

Arthur Smith

Pace of development quickening

PRIVATE development work on Britain's enterprise zones varies widely from area to area, depending partly on the attractiveness of the site, but also on the degree of infrastructure work which has been carried out by local authorities and the degree of support offered within the zones.

Some zones, on the other hand, have seen almost all the development work being carried out by privete concerns, and there is evidence that developers are becoming increasingly interested in this kind of project due to the financial advantages they offer.

These relate mainly to tax allowances available on buildings of over 1,250 sq ft which may be claimed when inside the zone for almost any use other than non-profit making occupancy, whereas the allowance can only be claimed outside the zone when the building is used for manufacturing or processing.

This means that a company or individual investing say £60,000 in a building within a zone will receive e tax allowance of that amount. Tax on the £60,000 would have been around £35,000, so the real cost of the *investment has been only* about £25,000.

Repayments

In addition, the investor may beve borrowed £25,000, on which he would also receive tax relief, while rental income from the tenant would cover or more than cover the interest repayments.

This scenario, outlined by tax consultants Williams Jeffrey Barber (which has specialised in enterprise zone work) provides only a rough guide, and tax rates differ depending on whether the investor is an individual or a company.

However, it indicates some of the advantages private developers have in being able to sell buildings in enterprise zones to private investors, often before they are even completed. A major factor is that letting is facilitated by the lack of restrictions for tax purposes of the type of tenant.

Mr Brian Williams, managing director of Williams Jeffrey Barber also a director of Enterprise Zone Developments, says that this avoided a great deal of anxiety over the Inland Revenue's decisions outside the zones on whether tax allowances would be granted.

He says that there was increasing interest from bigger investors in enterprise zones, despite the smaller sizes of most properties, though institutions had not generally been very ective through his company.

Enterprise Zone Developments bas been responsible for the construction of nearly 40,000 sq ft of property on the Swansea zone, 9,000 sq ft at Wakefield and has a 1.2 acre site at Rotherham on which it plans to build 18,500 sq ft.

Although e high proportion of development work on zones bas been carried out by local companies, there is an increasing number of developers who are operating nationally, naturally preferring the more active zones and those which have been strongly supported by local authorities and development agencies.

Clydebank'e enterprise zone has seen the leading role taken by the Scottish Development Agency, and 600,000 sq ft of new or refurbished space bas been creeted, and now it is more actively seeking the participation of the private sector developer.

The first of these is Whykelands of Hull, which is going ahead with e £2.5m development of 100,000 sq ft, which will be marketed by the development agency.

The agency points out that it has effectively "primed the pump" for the success of the zone and is now seeking more private investment in it, such as the £1m office block built on it by National Westminster Bank.

As in other zones, mucb depends on the ownership of land in achieving this. At Clydebank a high proportion is owned by the Clyde Port Authority, the district council and British Rail, with most of the rest in privete hands.

Agencies and local authorities must therefore seek to encourage owners to seek developers for their land or develop it themselves, although this is not always easy, given the random type of companies which are involved.

This problem has been avoided at Swansea, where the council now owns well over 90 per cent of the 750 acres, of which about 450 acres remains to be developed.

Development at Swansea has been very largely by the private sector. In total more than £18m bas been spent on buildings covering more than 1m sq ft, of which 85 per cent was private, and 15 per cent publicly funded.

The Swansea Centre for Trade and Industry, the council'e industrial promotion arm, bas been primarily concerned with managing growth, such as by ensuring thet the land is well *serviced and that plots are available* in the right sizes.

A spokesman for the centre said that development on the site bad been divided almost equally between speculative buildings and those constructed for owner occupiers.

However, this success comes egainst a background of beavy investment in infrastructure, with a comparatively large sum baving been spent on the acquisition of land, land clearance and the provision of services. A further £2m will be spent this year and another £5.5m over the next three years.

Overall, the degree of privete development on enlerprise zones appears to relate very largely lo location, as exemplified by the fast rate of growth at Swansea, and to the policy pursued by the authority in charge of each zone.

Encouragement

The fast provision of roads and services, backed up by active encouragement to developers, has worked in many cases. At the Dudley zone near Birmingham, the building compeny and A. and J. Mucklow, which owned land on the site, wasted no time in making use of its assets.

A total of 56 units covering 175,000 sq ft were built rapidly, despite some problems with old mine workings under the site, end 53 of these bave since been let to a cross section of companies which took units ranging from 1,500 to 28,000 sq ft in size.

The company ettributed its success to the flexible approach on unit sizes and a belief from the earliest stages of the enter*prise zone scheme that industrial* companies would respond quickly to the cost edvantages of being located within e zone.

Future development will depend lo a large extent on the attitude of investors, but it would appear that the suspicions surrounding the zones have now been largely dispelled by experience, and that the pace of development will now quicken.

Lorne Barling

THE INCENTIVES

- **RATES:** Exemption on industrial and commercial property.
- **LAND TAX:** Exemption from development land tax.
- **ALLOWANCES:** 100 per cent allowances for corporation and income tax for capital spending on industrial and commercial buildings.
- **TRAINING:** Exemption from industrial training levies and from the need to supply information to industrial training boards.
- **PLANNING:** Simplified planning procedures with concession on planning procedure.
- **ADMINISTRATION:** Greater speed in dealing with remaining controls.
- **INFORMATION:** Fewer Government forms to fill in.
- **CUSTOMS:** Certain Customs facilities are processed as a malter of priority.

Benefits for builders

THE MAJOR benefits for a developer operating inside an enterprise zone are contained in the Industrial Buildings Allowance (IBA) rules. Whereas outside a zone purchasers of industrial property can only claim the 100 per cent first year allowance if the unit is less than 1,250 sq ft in size, the rule inside is that all industrial property, regardless of size, qualifies for the relief.

IBAs give an allowance of 75 per cent of the relief for larger units elsewhere, of course, and given the rule that owners can also claim an extra 4 per cent in each succeeding year up to a maximum of 100 per cent some developers point out that the advantage of taking 100 per cent in the first year is not all that great.

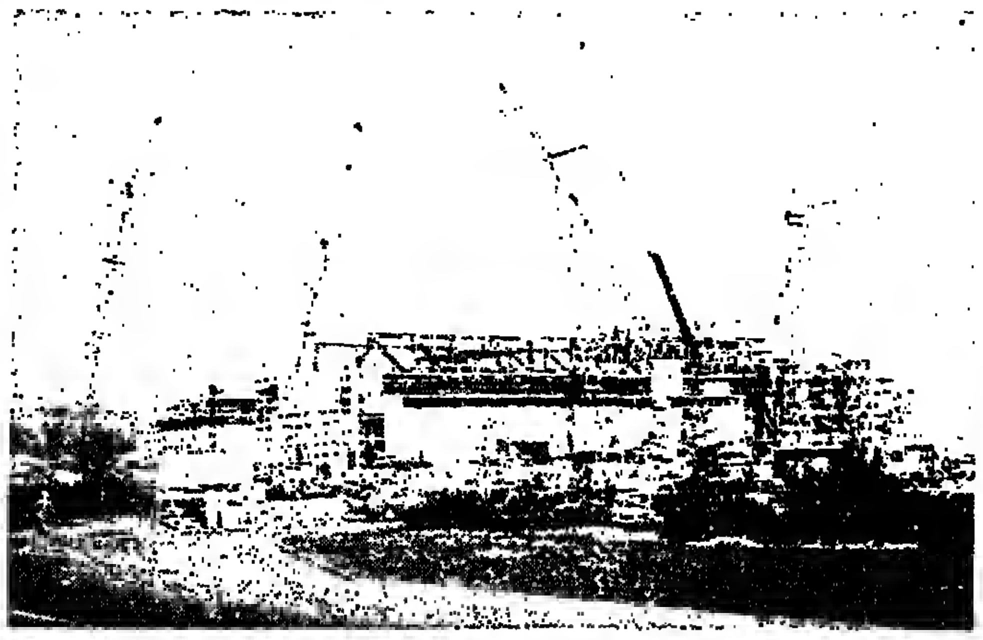
The really major attraction for developers inside an enterprise zone, bowever, is that for the purchaser to get his allowances the tenant does not have to be an industrial user. This means that the landlord ultimately has n much wider market — and thns a chance of getting retail tenants such as Marks and Spencer (which has taken 25,000 sq ft in the Swansea Enterprise Zone).

Generally speaking, owners of units outside zones only qualify for allowances if the user is in manufacturing. A significant change was made following a test case involving Crusabridge Investments, which extended the qualifying conditions to take in companies using the units as a warehouse for materials ultimately going into a manufacturing process. Many investors, however, nevertheless consider this a significant handicap and not unnaturally would rather opt for the greater freedoms inside an enterprise zone.

If developers cite IBAs as the key incentive for enterprise zone activity—the exemption from Development Land Tax (DLT) can also be useful for say farmers with land inside the zone—the chief carrot for tenants is undonbtedly the freedom from rates.

Big companies like Marks & Spencer are no doubt happy to cash in on this benefit but the measure is likely to have a bigger impart on new business. In the early years wben cash flows are under pressure the removal of one traditional overhead can provide welcome breathing space. Other attractions of locating inside a zone are easier accesss to bonded warebousing and the exemption from the requirement to fill in most Government forms.

Tim Dickson



Part of the enterprise zone in Middlesbrough

ADVERTISEMENT

North Kent — Britain's best zone so far

The North West Kent Enterprise Zone is all set to be the most successful in Britain—even before it officially begins operating later this year.

by Nick Jenkins, Economic Development Correspondent, Medway Means Business Campaign

The initial response to the announcement of this zone in the Sonth—and at that the "prosperous South East"—has been as dramatic as pundits predicted when the application from the Garden of England's industrial beart became known.

Certainly it is an ideal location, just 43 minutes from *London, close to Gatwick and* within easy reach of Heathrow. Equally the continent is easily accessible thanks to the ports in the south east, and indeed the industrial centres of western Europe are as close as the middle of England. The motorway network is first class and labour relations are outstanding, with a bighly skilled, able and young workforce.

This rush to cash in on what many regard as e surprising decision by the Government—probably created by the Government's desire to reduce the effects of the closure of the Chatham Dockyard—has been snch that North Kent is quickly beading for top position in the success league of zones.

The Economic Development Consultant for North Kent, Mr David Hamewood, explained: "Even before the zone officially gets under way later this year we expect to bave created 1,000 new jobs. That is likely to be a record none of the others can match.

"The moment the Government first announced the go-ahead enquiries tripled. We now receive two or three serious approaches every single day from companies seeking to relocate here.

"In this short spece of time we have reacbed a situation wbere 30 companies are now negotiating to move on to sites. About balf a dozen have already finalised agreements even before the zone begins operating.

"By the end of the year a higb percentage of existing available buildings will bave been taken np and construction work on new premises will be started on at least two of the evailable sites within the zone."

"It is all moving very fast, and it is not over-stating the case to say that inside three years we expect to have created more jobs and attracted more companies than all the other zones.

"It is largely because our location, next to London and on the doorstep of Europe, is so vital to many firms. We have everything going for us, and to have been granted zone status was an extremely pleasant bonus."

The five North West Kent Enterprise sites are in the neighbouring areas of Rochester Upon Medway City Council and Gravesham and Gillingham Borough Councils. The sites are: Springhead Road Industrial Estate, Northfleet; Imperial Business Estate, Gravesend; Temple Manor Estate and Frindsbury Enterprise Park, Strood; and Gillingham Business Park.

"We are rather different from the other zones because of this link between three Council areas. It means we are able to offer a complete range of possible sites to companies of all sizes," said Gravesham Chief Executive, Mr Ron Dewar.

"The road and rail communications with London and the coast are first rate, and then of course we are only 40 minutes from Gatwick and slightly more from Heathrow. That combined with the port facilities on the Thames and Medway puts us in an ideal position. On top of all that we are of course right next door to Dover, Ramsgate, Folkestone and Sheerness."

Chatham Dockyard is also quickly rising from the ashes. English Industrial Estates is taking over the industrial side and the Medway Ports Authority has already taken on one of the docks. The historic side of the yard is now bopefully going to become e £50 million living museum under the auspices of a trust.

Gillingham Chief Executive, Mr Glyn Jones, and his counterpart at Rochester Upon Medway City Council, Mr Richard Painter, both agree: "There are a variety of reasons why we are such e successful area. A key attraction is that it is e well established and thriving industrial area, but situated right in the Garden of England with some of the most beautiful countryside around.

"There is also a good range of bousing—at the lower end of the market there are some of the cheapest bomes in the wbole of the South, but, equally, luxury eccommodation is readily available. This is backed up by good education and recreation facilities.

"This is why there is a broad base of skill available and a workforce second to none."

Company chiefs give their vote of confidence after sustained success

EXISTING companies in North Kent are continuing to invest in expansion programmes in the area and claim they see it as one of the most eecure options nationally.

Their enthusiasm is backed up with bard finance and in many cases more staff are being taken on to cope with their increasing business.

Lloyds of London bas moved 50 per cent of its administration to *its new Chatham offices* and is now seeking more accommodation to allow further expansion.

Lloyds Chief Executive et Chatham, Mr Allan Pollard, explained their view: "Medway fulfills all our requirements—it is e very good centre for service industries to develop. It has good communications, good edncation standards and high quality staff are available."

Once egain Marconi Avionics has picked up a Queens Award for Export end another for Technology this year. The firm's North Kent base employs 6,000 people and is widely regarded as one of Britain's best ambassadors in industry.

"The main benefits to us in North Kent are the fact that our staff turnover bere is lower than at our other two factories and the location is ideal," said Marconi Assistant Managing Director, Mr Bill Alexander.

Rugby Portland Cement has just completed a £25 million investment programme on its plant. "With its excellent road and rail access, we are confident that our works in North Kent is perfectly placed to supply the sonth-east," said Managing Director, *Mr Maurice Jenkins.*

The Chairman end Group Managing Director of Blne Circle Industries PLC, Mr John Milne said: "While the prime reasons for our presence in North Kent are historic and geological, one can't fail to appreciate the very sound business advantages of the area."

The Managing Director of Akzo Chemie (UK) of Gillingham, Mr Ivor Bntler, is clear about *his firm's future:* "We have just opened an extension to onr plant creating more jobs. This is an ideal location for onr business to ensure close links with the Continent and ease of distribution in Britain."

Trade leaders see continued growth

NORTH KENT has proved to be one of the commercial boom areas of the country with its rapid expansion of shopping centres in the past decade.

The Chief Executive of the Medway and Gillingham Chamber of Commerce, Mr Tooy Bridger, said: "This is an indication of the underlying confidence in this part of the south-east.

"We have felt a gradual improvement in industry and commerce over the past couple of years and we now feel tha stage is set for a strong and progressive future."

There are now super centres in Gravesend, Gillingham and Chetham, which ettract shoppers from all over the south-east as well as tha continent.

"Now we can see a similar future on the industrial front. We are very optimistic indeed," said the Chairman of Gravesham Industry, Mr Jackson Millist.

THE MANAGEMENT PAGE: Small Business

How to protect your most valuable assets

Eric Short explains key man insurance

MOST companies are well aware of the potential effect on profits if buildings collapse or e fsctory is destroyed or damaged by fire, flood or other perils. But all too often when insurance is considered businesses completely ignore their most valuable assets, namely key personnel.

The need to take out "key man insurance" as a precaution against the early death or disability of e crucial employee is nevertheless more widely apprecieted than It used to be. Indeed bankers strongly recommend that such arrangements are made when companies are negotiating loan or overdraft facilities (they can insist on It where the loan is unsecured).

The impact on a medium sized business of losing a key employee is bad enough but the consequences for a small, newly formed company can be nothing short of disastrous.

Take, for instance, a small manufacturing venture formed by three young entrepreneurs to produce a specialised computer product.

One executive is responsible for the manufacture of the product—the boffin whose technical knowledge would be difficult to replece at short notice.

Tha second is responsible for selling the product In e very competitive environment. Since it is a small firm he has very little help with his selling and covers the whole country. He is virtually irreplaceable.

The third executive is the finance director. His less glamorous function is every bit as vital as the other two in ensuring that the company can continue in operation.

Tha impact on profits if anyone of these key executives disappears through death, disability, illness or accident is immeasurable.

New technology companies, however, are not alone in being vulnerable to tragedies of this kind. If a partner in en established professional partnership dies the partnership is faced with the double costs of paying his or her spouse for the share in the partnership and then finding a replacement of similar calibre at short notice.

So the first problem in any organisation is defining the key people. They are more likely to be salesmen, technicians or researchers rather than someone like tha chief executive.

The next step is to work out the likely impact on profits and the cost of a replacement should be dla or become disabled.

Most companies will probebly only be able to guess. For it is not until disaster strikes that the effect on performance can be accurately gauged.

In order for companies to claim the premium as a business expense, insurance companies use one of two methods of valuation which are acceptable to the Inland Revenue. Tha first method is to assume that the salary paid to tha key man reflects his worth to the company and that the impect on profits would be a multiple of his salary. The most common multiple used is ten, so that an employee earning £50,000 would be insured for £500,000.

The other is to estimate how much profit is derived from the key man's functions. If a project has yet to come on stream, this may be little more than an inspired guess. The insurance company will need details of operations, turnover, profitability and salaries in order to come to a decision.

Another important variable is the period of insurance, which should relate to the terms of employment. Many executives are on a limited period contract, say five years, whereas partners would expect to be in the partnership up to normal retirement age.

So tha period of insurance would normally be the length of employment, with some option to renew. Convertible renewable term contracts, which enable insurance cover to be renewed regularly for increasing amounts without evidence of health is a very suitable contract for death cover.

The cost is comparatively low, especially where death cover is concerned. All the leading life companies in this field give substantial preminm reductions if the key man is a non-smoker. For example, a 35-year-old non-smoking executive could be covered for a sum of £100,000 over five years at an annual premium of £820.

In the event of a claim, the proceeds must be paid to the company. To be allowable as a business expense, this and three other conditions must be met.

- There must be a genuine employer/employee relationship, which extends to partnerships. There could, however, be problems in a closed company where the key employee is also a leading ehareholder.
- The cover must be for loss of profits only for which the company has to provide evidence. But the cost of finding a replacement can be included since this is also e drain on profits.
- Insurance must be for protection only, with no savings element. Thus insurance must be confined to term assurance and/or permanent health insurance. No surrender value is permissible.

Money paid on a claim would most likely be treated as income since lt is replacing profits. But the tax position needs to be cleared with the Inspector of Taxes.

Indeed, this is a complex ares and there is a need for expert guidance through an insurance broker who specialises in this field. For further guidance contact tha British Insurance Brokers' Association, Fountain House, 130 Fenchurch Street, London EC3M 5DJ (Tel 01-623 9043).

Medical innovation

When putting your back into it pays off

BY IAN HAMILTON FAZEY

THE VISITORS' chairs in Ian Walkingshaw's office are collapslble and most uncomfortable. But far from being put there to persuade VAT inspectors to leave quickly, their purpose is to show off Walkingshsw's main product.

Called the Backfriend — a profiled back support hinged by leather thongs to a moulded seet base—it transforms any chair into the perfect shape for optimum back support and comfort. It is the brainchild of Dr Duncan Troup, an orthopaedic surgeon who is also an ergonomlc expert and a leadlng international authority on back problems at work.

Frustrated by the refusal of British manufacturers to put his ideas and designs into production, Tronp set np Medesign himself with the support of Dr Peter Dean, e biochemist at Liverpool University where Troup also teaches, and after receiving a £75,000 loan from the Co-operative Bank under the Goverorment's Loan Guarantee Scheme.

Manufacture of Backfriend started in earnest last April after six months of development work on production methods and output is now belng built up behind a carefully nurtured and controlled growth in market demand. The first year's turnover is expected to top £60,000 and the whole venture looks like being one in the eye for National Westminster, which turned it down.

Because it folds flat, has a built-in carrying handle, and weighs less than 4 lb, the Backfriend is portable enough to be taken anywhere.

Indeed, one satisfied, wealthy customer has already carried hers all over the world pursuing her hobby of watching international sport. Not only has her Backfriend seen service at Lord's, Wimbledon, Flushing Meadow and various Davis Cup venues, it has, she says, made long hours of air travel more bearable.

What makes the device especially effective is the relationship between the seat base and the back support. Whetever the angle between the two, the shape of the base ensures that the user's spine is always located in exactly the right place for the back support to do its job. It is even effective for sitting up in bed.

Much of the early impetus for Medesign came from the vigorously entrepreneurial Dean, who last year won a £25,000 business competition for working out how to make a chemical cloning agent in commerciel quantities for genetic engineers. He suggested he and Troup should start their own company and roped in two friends for advice—Graham Anthony of tha Engineering Council and former commercial director of CIBA-Geigy, and John Wilkinson, marketing director of the mail order and Christmas card company, Fine Art. Coincidentally, Walkingshaw, whose wife had gone to school with Dean's wife, was looking for a job because a Finnish paper company of which be was production director had just closed down its UK operetions.

Workforce of two

Each of the five put np £500, with Walkingshaw becoming the company's only employee and taking space in a renovated clockworks in Southport. Walkingshaw has since doubled the payroll, his sole assistant's job being the final assembly of Backfriend, now being turned out at a rate of 50 e week to retail at about £25 each.

Component manufacture, as well as production of Medesign's other Troup-designed health care products, is all sub-contracted around Merseyside among small companies.

The other fast-seller in the Medesign range is a sling that enables nurses to lift patients out of bed without risking back strain. Nurses have long been among Troup's most numerous cases of work-induced back injury.

The slings have just completed successful trials in selected hospitals and sales are now likely to mushroom. They are ridiculously simple and made from pieces of non-toxic, food grade industrial conveyor belting with strategically placed hand grips. Moulds have now been ordered to enable high volume production using edvanced injection moulding methods.

The Backfriend, however, has the widest potential sale and here marketing strategy reveals the big business background among Medesign's directors.

Rather than dash for growth by promoting to the general public—thus risking a cranky image on the fringes of medicine—Medesign has gone for carefully controlled promotion to professionals so as to establish the product's reputation.

It is now stocked by most of the leading medical retailers in Britain and Ireland, and by 15 aid centres for the disabled spread throughout the country. At the same time it is being recommended by hospital consultants, physiotherapists and osteopaths in 30 areas.

Word of mouth is proving especially effective among back pain sufferers and now Walkingshaw is trying mail order promotion in carefully selected upmarket magazines.

He has also found increasing success with the medieal departments of large companies, which hava been buying in ones and twos to try lbem oul and then coming back for many more. These customers now include IBM, Marks and Spencer, British Telecom, Shell, Mobil, Birds Eye and Walls.

With careful build-up, sales-led production has also meant that the company eppears to its bankers a model of financial prudence. Only £10,000 of the loan has actually been used so far, £40,000 on the money market to keep down interest charges and £25,000 has yet to be taken up. Meanwhile, growing sales are providing profitable cash flow.

When all the money Is used it will go to financing dramatic but real growth. With lumbago ever a major cause of sick leave in British industry and commerce, Medesign must surely have found itself a winner.

New ways to close the technology gap

THE gap between large and small enterprises all over the world could widen dramatically if new ways to transfer and epply modern technology to smaller firms cannot be fonnd. This warning was delivered at last month's 10th International Small Business Congress in Singapore where delegates beard details of several government initiatives aimed et meeting the cbellenge.

- In Jepan there are 191 regional testing and research institutes which provide technical guidance, testing and enalysis facilities, co-operative research and development and foster technological exchanges between businesses in the region. The Jepan Small Business Corporation provides first class technical edvisors. There is e wide range of training for small business technicians administered by local governments and more advanced "training of the trainers" carried out in training camps.

There are numerous forms of financial aid In the form of grants for research and cbeap loans.

Even in Japan small businesses are finding it difficult to compete. There has been Intense competition for orders in a time of economic sluggishness, a trend towards diversification of product and e higher quality of product, all in e time of rapid development of technological innovation centring around micro-electronics; this has left many small businesses technically inefficient. If this is the pattern in Japan, medium and small businesses in the UK will be struggling too. A recent survey of small businesses in the UK showed thet 42 per cent had carried out no modernisation of any aort, let alone introduction of anything connected with micro-electronics, in the last two years.

- In Korea the Korean Federation of Small Business has established industry-specific federations of small businesses where small firms co-operate with each other to develop technologies and improve facilities. A government project has been launched to encourage small firms to produce parts required by large companies leaving them to concentrate on the assembly of end products.

Korean Small and Medium Industry Promotion Corporation (KSMIPC) provides training at management and workforce level. The Koree Institute for Industrial Economics and Technology ects as a think-tank for the business world and provides small firms with the latest technical information. Perhaps the most dramatic of all, 1,000 prospective small firms are selected each year for special assistance, financial and technical, to form an elite group in the business sector and motivate other small firms. Financial support for modernisation of small business is provided by means of long term and low interest loans through KSMIPC and the government-owned Small and Medium Bank.

- In Germany there have been measures to encourage small businesses to transfer technology abroad with the intention that it shall then be correctly applied in a way which is commercially attractive. The government has set up an institution called the German Appropriate Technology Exchange which provides advice, conducts research and technology in response to specific problems and identifies technological requirements in other countries. The word "appropriate" in the title indicates that the technology must match the local technical economic and social conditions. In addition the Technical Programme of the Ministry of Co-operation provides for very low interest loans (1 per cent for the first five years) through the German Development Bank for German firms using new technologies in developing countries under joint venture schemes, also for training local personnel.

Small businesses everywhere should consider three types of innovation based on micro-electronics:

Process Innovation: anything from automation in tha production line to robots, numerically controlled machine tools and other mechatronic equipment designed to cope with a wide range of products with small production volumes.

Product Innovation: Each small business should concentrale on one limited field and seek to develop a new uniqne product in that field.

Management innovation: This inclndes office antomation, prodnction and storing of information by means of computers and word processors.

Brian Jenks

The author is n partner in Touche, Ross and is on part-time secondment to Conservative Central Office as an adviser on small business.

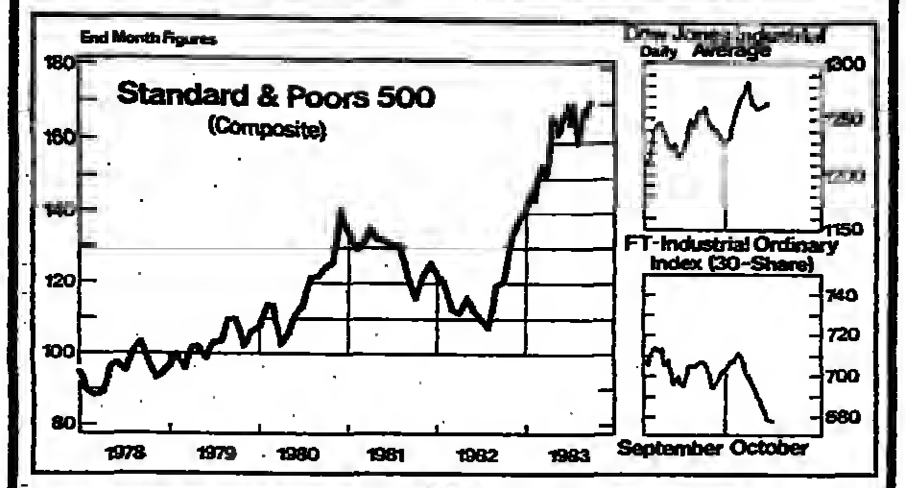
هكذا من الأصل

SECTION III – INTERNATIONAL MARKETS

FINANCIAL TIMES

Tuesday October 18 1983

KEY MARKET MONITORS



STOCK MARKET INDICES

	Oct 17	Previous	Year ago
NEW YORK			
DJ Industrials	1268.70	1263.52	993.1
DJ Transport	591.62	580.55	401.98
DJ Utilities	138.20	137.38	121.26
S&P Composite	170.43	169.86	133.57
LONDON			
FT Ind Ord	677.6	678.5	620.4
FT-A All-share	426.66	427.65	382.0
FT-A 500	464.20	465.34	423.95
FT-A Ind	418.23	419.64	392.09
FT Gold mines	541.9	551.1	408.3
FT Govt secs	81.26	81.10	83.48
TOKYO			
Nikkei-Dow	9420.9	9384.34	7373.51
Tokyo SE	685.78	682.81	550.94
AUSTRALIA			
All Ord.	687.8	692.6	521.1
Metals & Mins.	516.7	521.4	423.2
AUSTRIA			
Credit Aktien	54.72	54.87	47.54
BELGIUM			
Belgian SE	127.12	127.61	101.07
CANADA			
Toronto Composite	2481.40	2480.7	1759.3
Montreal Industrials	443.07	444.09	318.7
Combined	421.96	422.25	303.37
DENMARK			
Copenhagen SE	186.9	186.56	91.01
FRANCE			
CAC Gen	141.5	141.1	102.2
Ind. Tendance	150.7	150.2	118.7
WEST GERMANY			
FAZ-Aktien	331.23	328.37	235.13
Commerzbank	981.8	973.4	712.6
HONG KONG			
Hang Seng	771.55	738.51	880.46
ITALY			
Banca Comm.	182.1	186.31	161.62
NETHERLANDS			
ANP-CBS Gen	142.6	143.3	93.2
ANP-CBS Ind	116.8	117.0	72.1
NORWAY			
Oslo SE	213.5	213.68	106.72
SINGAPORE			
Straits Times	947.15	948.46	689.51
SOUTH AFRICA			
Golds	771.3	778.5	759.4
Industrials	914.0	915.3	693.6
SPAIN			
Madrid SE	closed	120.82	101.89
SWEDEN			
J & P	1447.29	1428.37	713.67
SWITZERLAND			
Swiss Bank Ind	343.0	342.4	260.2
WORLD	Oct 14	Prev	Yr ago
Capital Int'l	181.8	182.7	145.5

GOLD (per ounce)

	Oct 17	Prev
London	$394.625	$399.25
Frankfurt	$394.625	$398.75
Zürich	$394.50	$399.50
Paris (fixing)	$402.24	$401.14
Luxembourg (fixing)	$400.75	$400.75
New York (Oct)	$397.40	$400.00

* Indicates latest pre-close figure

CURRENCIES

	U.S. DOLLAR		STERLING	
(London)	Oct 17	Previous	Oct 17	Previous
$	–	–	1.5015	1.5
DM	2.603	2.6165	3.91	3.93
Yen	233	232.8	350	349.5
FFr	7.955	7.9975	11.9425	11.995
SwFr	2.11	2.121	3.1725	3.185
Guilder	2.918	2.9310	4.385	4.3975
Lira	1582.25	1588.5	2375	2382
BFr	53.05	53.27	79.65	79.9
C$	1.23125	1.23275	1.8495	1.849

INTEREST RATES

	Oct 17	Prev
Euro-currencies (three month offered rate)		
£	9 7/16	9 7/16
SwFr	4⅛	4 3/16
DM	5⅞	5 13/16
FFr	14 13/16	14 13/16
FT London Interbank fixing (offered rate)		
3-month U.S.$	9⅝	9 13/16
6-month U.S.$	9⅞	9⅞
U.S. Fed Funds	9⅜	9¼
U.S. 3-month CDs	9.15	9.5
U.S. 3-month T-bills	8.54	8.76

U.S BONDS

	Oct 17 Price	Oct 17 Yield	Prev Price	Prev Yield
Treasury				
10⅜ 1985	100 29/32	10.40	100 16/32	10.55
11½ 1990	100 14/32	11.38	100 ¼32	11.49
11⅞ 1993	102 14/32	11.48	101 27/32	11.54
12 2013	104 ⅝32	11.50	103 ⅞32	11.60
Corporate				
AT & T				
10⅜ June 1990	94½*	11.60*	94½	11.60
3⅞ July 1990	69*	10.40*	69	10.40
8⅜ May 2000	76½*	12.05*	76½	12.05
Xerox				
10⅜ March 1993	93⅞*	11.80*	93⅞	11.80
Diamond Shamrock				
10⅜ May 1993	91*	12.25*	91	12.25
Federated Dept Stores				
10⅜ May 2013	87.473*	12.20*	87.473	12.20
Abbot Lab				
11.8 Feb 2013	96.781*	12.20*	97.781	12.20
Alcoa				
12¼ Dec 2012	96.522*	12.70*	96.522	12.70

FINANCIAL FUTURES

	Latest	High	Low	Prev
CHICAGO				
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
December	72–07	72–08	71–22	71–19
U.S. Treasury Bills (IMM) $1m points of 100%				
December	91.23	91.25	91.06	91.00
Certificates of Deposit (IMM) $1m points of 100%				
December	90.63	90.64	90.46	90.38
LONDON				
Three-month Eurodollar $1m points of 100%				
December	90.37	90.41	90.34	90.20
20-year Notional Gilt £50,000 32nds of 100%				
December	106–02	106–18	105–30	105–18

COMMODITIES

(London)	Oct 17	Prev
Silver (spot fixing)	691.95p	696.00p
Copper (cash)	£964.50	£973.00
Coffee (Nov)	£1922.00	£1888.00
Oil (spot Arabian light)	$28.70	$28.62

WALL STREET

Good results provide impetus

A BUSY session on Wall Street bad traders digesting both the completely unexpected fall of $1.1bn in M1 money supply announced late on Friday and a wave of corporate results which included trading statements from a number of major corporations, *writes Terry Byland in New York.*

The Dow Jones Industrial average, depressed at first by the fall in IBM, a major constituent, later turned sbarply higher, as favourable trading news poured in from major companies. At best the Dow Jones Industrial average was above 1274 but it closed at 1268.70, a net 5.18 up on moderate turnover of 77.9m shares. Profit-taking over the broad range of the market sbowed itself in a near balance of 848 shares with gains and 753 with losses, as well as in small falls in the indices for both the American Stock Exchange and the NASDAQ market.

Economic analysts at several major investment bouses expressed favourable views of the money supply trends which were seen as indicating that money supply is under control and will enable the Federal Reserve Board to leave market interest rates to move lower.

Short-term rates consolidated yesterday around the lower levels which followed a fall of 10 basis points after Friday's announcement. At the longer end, yields restored around seveo basis points of Friday's 15 basis point fall.

IBM stock, which had fallen after the announcement of third-quarter results on Friday afternoon, was delayed at yesterday's opening by further selling orders. The stock opened ooe hour late at $130½ leter rallying to $131¾ unchanged on the day.

Imperial Chemical continued to top the Amex active list but at $8⅝ the shares were $⅛ off in much reduced turnover.

On the Big Board, the main frame computer sector also saw stock in NCR ease $⅝ to $132⅝ following the second-quarter results, but similar news left Burroughs $¾ higher at $54¾. Control Data at $50 fell by $1 on lacklustre profits. Honeywell gained $3½ to $131½ on higher third quarter profits.

The Dow Jones Transportation index rose by more than 11 points as railroad issues moved higher behind Burlington Northern, $3⅞ up to 104½ after a strong buy recommendation from Morgan Stanley. CSX gained $⅝ to $74 and Union Pacific $¼ to $57⅞.

Prospects for the results season at the major chemical groups were boosted by Celanese, $2⅛ higher at $79½ after a turnround in profits and accompanied by a bullish statement from the chairman.

Union Carbide at $66⅛ gained $¾ and Monsanto put on $2½ to $115½.

Some recent buyers of Lockheed were disappointed by the outcome for the third quarter and at $41¾, the shares were $1⅞ off.

Other defence stocks such as Rockwell at $31 and General Dynamics at $56¼ were little changed, however.

North American Philips added $¾ to $73⅞ on higher profits but General Signal at $46⅝ gave up $⅛ on lower earnings figures.

Financial issues featured in American Express, which fell $2 to $35¾ wben good trading figures were marred by the insurance division's performance. Chase Manhattan at $47⅞ dipped $¼ after the results but Republic NY Bank at $43¾ lost $1¼ on unimpressive profit figures.

Motor issues continued to benefit strongly from the latest sales figures from the iodustry. Ford, which split its stock last week, added a further $1¼ to $69¼, while renewed demand for General Motors took the stock up by $⅞ to $78⅝. Chrysler too was wanted and gained $¼ to $31¼.

In the credit market, investors were encouraged by a fresb fall in the key Federal Funds rate to 9¼ per cent. At this level, the Federal Reserve announced customer repurchase arrangements of $1hn. At the close Fed funds were trading in the range of 9 3/16 to 9¼ per cent.

Short-term rates drifted easier during the morning and the three mooth Treasury Bills were at a discount of 8.64 per cent, with the six-month bills at 8.70 per cent.

The key long bond, opened with a further fall to stand at 103½ against Friday's final quotation of 104 5/32. Some support appeared at this level, however, and altbough retail interest remained slim, the long bond recovered to close at 104 to yield 11.50 per cent, unchanged from Friday nigbt.

EUROPE

Foreign demand aids Frankfurt

STRONG FOREIGN demand for motor and chemicals issues fuelled a rally in Frankfurt in ooe of the most active sessions of the year. The Commerzbank index rose 8.4 to 981.8 – only just below its 23 year high of 986.3 achieved in early July.

The stimulus was provided by the lower dollar following last Friday's unexpected fall in U.S. money supply and by the Bundesbank's letest monthly report. This showed that central bank money stock growth had slowed to 8 per cent in the year to September from 8.5 per cent in the period to August. The report also presented an optimistic outlook for corporate profits.

Among motor issues, Daimler saw tbe largest gain, rising DM 21 to DM 638. BMW added DM 2.50 to DM 400 but VW slipped back 30 pfg to DM 233.20. Tyre maker, Conti Gummi continued to be sougbt and added DM 1.10 to DM 119.40.

In the chemicals sector, Hoechst added DM 4.60 to DM 168.80, drawing encouragement from a newsletter recommendation that Hoechst stock is worth DM 200 a share. BASF was DM 2.80 higher at DM 157.10 and Bayer DM 3.30 at DM 157.80.

Among electricals, Siemens put on DM 3.80 to DM 382.50.

Bond prices gained across the board although trading remained mainly among the banks, with little obvious interest shown by private customers or institutions.

A cut in the French call money rate by ¼ point to 12¼ per cent helped trading in Paris and prices ended mixed to higher after an active session.

Banks, motors, oils, constructions and chemicals were steady, while foods, stores and metals turned mixed. Engineerings and electricals were slightly easier.

In **Zurich**, the lower dollar encouraged sentiment but failed to inspire general buying and shares were steady in thin trading.

Among transport issues, Swissair rose SwFr 10 to SwFr 870, while the major banks gained ground. In industrials, chemicals continued higher with Sandoz Bearer up SwFr 100 at SwFr 7,100 and Ciba-Geigy held recent gains.

Investors remained on the sidelines in **Amsterdam**, waiting to see whether Wall Street would rise in response to the latest U.S. money supply data. Internationals in particular, found little demand as the lower dollar restricted foreign interest.

Unilever was down Fl 1.50 at Fl 236.50, Royal Dutch Fl 1.10 at Fl 133.10 and KLM Fl 2 at Fl 158, while Akzo added 10 cents at Fl 77.20 and Hoogovens at Fl 35.50 was unchanged.

Dull trading left shares mixed to lower in **Brussels** with holding company and electrical holding company stocks leading the decline.

In **Milan**, the bourse month ended with a further price dip amid active selling prompted by fears of new fiscal measures arising from a cabinet meeting being held later in the day.

Stockholm began the week higher in moderate trading. Saab Scania led the advance, adding SKr 17 to SKr 266 following its improved eigbt month results announced on Friday.

TOKYO

Discount cut hopes give boost

RENEWED EXPECTATIONS of a cut in the official discount rate stimulated investors to select speculative issues in Tokyo yesterday, *writes Shigeo Nishiwaki of Jiji Press.*

The Nikkei-Dow market average climbed 38.56 from last week to close at 9,420.90, regaining the 9,400 level. However, turnover was sharply down to 239.08m from last Friday's 426.64m, because investors issued small-lot buy orders.

The Nikkei-Dow barometer moved in a wide range of more than 50 in successive days last week. This reflected uncertainty about the future political situation in Japan following the guilty verdict on Mr Kakuei Tanaka, the former Prime Minister, for his part in the Lockheed bribery scandal and declining expectations of a reduction in the Japanese central hank's discount rate.

Last Friday, foreign investors sold Matsushita Electric Iodustrial, Hitachi and other blue-chip stocks in small lots, sending the key barometer 148.72 lower to the 9,300 level. This marked the year's largest fall.

But the yen's strong appreciation against the U.S. dollar once again sparked investor expectations that the Bank of Japan would cut its discount rate in the immediate future.

As for bonds, investors still remained uncertain about the possibility of the discount rate cut. City, regional and trust banks sold their holdings in small amounts.

The yield on the barometer 7.5 per cent government bonds, maturing in January 1993, fell sharply to 7.66 per cent from last weekend's 7.74 per cent and then rebounded to 7.69 per ceot.

HONG KONG

THE WEEKEND announcement of measures to support the local currency provided the stimulus that helped shares to open firmer in Hong Kong. But after some later profit-taking the market closed off its best.

The Hang Seng index ended 33.04 higher at 771.55 after a day of moderate trading. However, analysts say that the underlying mood remains one of uncertainty ahead of the latest round of Sino-British talks on the colony's future, which are scheduled to open tomorrow in Peking.

SINGAPORE

FURTHER RELUCTANCE to take new positions ahead of the Malaysiao budget later in the week left shares mixed in Singapore.

Price changes were mainly small and the Straits Times iodustrial index closed 1.31 lower at 947.15 in light turnover.

Motor relsted sbares suffered losses following stiff motoring tax increases while the most active share, Cerebos, rose five ceots to S$1.91 on expectations of higher results.

AUSTRALIA

SHARES EASED in moderate trading in Sydney despite a further promising report from an oil exploration well in the Timor Sea.

The BHP-led consortium reported that its Jabiru 1A well off the northern coast of Australia hsd a flow of 7,500 barrels from a top zone which had not beeo expected to produce oil.

However, BHP declined 15 cents to A$12.05 and its partners were also lower. Weeks Australia slid four cents to 97 cents and Ampol Exploration fell five cents to A$3.45.

SOUTH AFRICA

A FLURRY of selling near the close brought most gold shares lower in Johanneshurg yesterday on an easier bullion price.

Heavyweights, such as Southvall at R62, shed up to R1.50 while ligbtweights lost up to 10 cents. A 23.8 per cent drop in third-quarter pretax profits at the four gold mines of the Rand Mines group left investors uneasy.

CANADA

WEAKNESS IN the golds, oils and metals sectors pulled prices lower overall in Toronto. However, some gains were recorded in the media, real estate and utilities indexes. The overall weakness was also evident in Montreal where industrials and banks were lower altbough utilities and papers posted slight gains.

LONDON

Equities drift easier

AN UNEXPECTED contraction in U.S. money growth sent London gilt-edged securities higher yesterday but did little for leading UK equities, which drifted easier for the seventh consecutive trading session.

Pessimism about the Government's scope for future tax cuts and its caution about the duration and strength of the recovery, combined with continuing worries about the lengthening rigbts issue queue, were other deterrents to investors.

After posting a loss of around 1.8 for much of the session, the FT Industrial Ordinary share index recovered slightly in the later stages to close 0.9 down on balance at 677.8, its lowest since July 13.

Afternoon publication of September's record retail sales figures failed to influence sentiment and the later easier tendency was more a reflection of lower U.S. bond values early yesterday. Final gains among the longs ranged to ⅜, but the shorts stayed close to the day's best with rises extending to 5/16. *Details, Page 39: Share information Service, Pages 40-41.*

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
17¾	7⅞	AAR	.44	2.9	20	30	15⅝	15¼	15¼	-⅛
62⅞	28½	ACF	1.40	2.8	64	317	50⅝	49¼	49⅝	-¼
20	14¼	AMF	.80	2.8		549	18⅛	17⅞	17⅞	
38¼	15	AMR Cp			44	5311	30⅛	28½	29⅞	+1½
18¾	15	AMR	pf2.18	12.		50	18¾	18½	18½	
39⅝	24⅞	AMR	pf2.13	8.4		46	33½	32⅛	33⅝	+1⅛
15⅜	2½	APL			38	28	15	14⅝	14⅝	-⅛
55	31⅝	ARA	2.05	4.0	13	63	51⅝	51⅛	51½	
73⅞	49	ASA	3a	5.4		488	56⅞	55¼	56	[illegible]
33⅝	11⅛	AVX	s .32	1.2	68	47	27⅝	27¼	27⅛	+⅜
53⅜	34¼	AbtLab	1	1.9	19	2133	52¾	51⅞	52½	+⅝
30⅛	23⅞	AccoW	n .60	2.1	19	160	25	24¼	24¼	-⅛
27½	18¾	AcmeC	.40	1.7		269	23¼	22¾	23	-¼
14⅜	7⅝	AcmeE	.32b	2.8	281	37	11⅝	11⅛	11¼	-⅛
24⅝	8	AdmDg	.64	2	16	94	24¾	23	23	-1⅛
17⅞	14⅝	AdaEx	1.73e	10		63	17⅛	17⅛	17⅛	
19¼	9¼	AdmMl	.24	1.7	7	335	14½	13⅝	14	-1⅛
18⅝	8¼	Advest	s .12	.9	7	63	13¾	13	13	-⅛
34⅞	10¼	AMD			58	2744	33½	32	32⅞	+⅞
24⅝	12⅞	Aerflx	s		17	57	16⅞	15⅞	16⅞	
44⅞	32⅞	AetnLf	2.64	7.1	7	1047	37⅝	36⅞	37	-⅛
68	55½	AetL	pf5.18e	9.2		3287	56⅝	56⅛	56½	
40½	17½	Ahmns	.60	1.9	16	1054	31¾	31	31⅛	+1
7⅞	2⅞	Aileen				60	4⅞	4½	4⅞	+⅛
51	30⅞	AirPrd	1	2.1	13	397	47⅞	46⅛	46⅞	-⅛
27¼	13¼	AirbFrt	.60	2.4	24	15	24⅝	24½	24½	
2⅞	1⅛	AlMoa	s		18	275	2	1⅞	2	
33½	28¼	AlaP	pfA3.92	13.		4	31	31	31	+⅛
7⅝	6½	AlaP	dpf.87	12.		23	7¼	7⅛	7¼	+⅛
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

B—B—B

C—C—C

D—D—D

E—E—E

F—F—F

G—G—G

H—H—H

I—I—I

J—J—J

K—K—K

L—L—L

M—M—M

N—N—N

Continued on Page 37

AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued on Page 38

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued from Page 36

Continued on Page 38

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a—dividend also extra(s). b—annual rate of dividend plus stock dividend. c—liquidating dividend. cld—called. d—new yearly low. e—dividend declared or paid in preceding 12 months. g—dividend in Canadian funds, subject to 15% non-residence tax. i—dividend declared after split-up or stock dividend. j—dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k—dividend declared or paid this year, an accumulative issue with dividends in arrears. n—new issue in the past 52 weeks. The high-low range begins with the start of trading. nd—next day delivery. P/E price-earnings ratio. r—dividend declared or paid in preceding 12 months, plus stock dividend. s—stock split. Dividends begins with date of split. sls—sales. t—dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u—new yearly high. v—trading halted. vi—in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd—when distributed. wi—when issued. ww—with warrants. x—ex-dividend or ex-rights. xdis—ex-distribution. xw—without warrants. y—ex-dividend and sales in full. yld—yield. z—sales in full.

WORLD STOCK MARKETS

AMERICAN STOCK EXCHANGE CLOSING PRICES

Continued from Page 37

[illegible]

NEW YORK CLOSING PRICES

Continued from Page 37

[illegible]

CANADA

[illegible]

DENMARK

[illegible]

FRANCE

[illegible]

GERMANY

[illegible]

AUSTRIA

[illegible]

BELGIUM/LUXEMBOURG

[illegible]

ITALY

[illegible]

NETHERLANDS

[illegible]

NORWAY

[illegible]

SPAIN

[illegible]

SWEDEN

[illegible]

SWITZERLAND

[illegible]

AUSTRALIA

[illegible]

HONG KONG

[illegible]

JAPAN

[illegible]

JAPAN (continued)

[illegible]

SINGAPORE

[illegible]

SOUTH AFRICA

[illegible]

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

Indices

NEW YORK — DOW JONES

[illegible]

STANDARD AND POORS

[illegible]

N.Y.S.E. ALL COMMON

[illegible]

RISES AND FALLS

	Oct 17	Oct 14	Oct 13
Issues Traded	[illegible]	[illegible]	[illegible]
Rises	864	743	656
Falls	780	783	882
Unchanged	360	418	432

MONTREAL

	Oct 17	Oct 14	Oct 13	Oct 12	1983 High	1983 Low
Industrials	443.87	444.89	445.87	444.56	483.88(5/5)	328.12(4/1)
Combined	421.86	422.25	423.86	422.88	441.29(26/9)	319.45(5/1)

TORONTO

	Oct 17	Oct 14	Oct 13	Oct 12	1983 High	1983 Low
Composite	2481.4	2488.7	2487.8	2485.1	2588.2(26/9)	1940.8(4/1)

U.S. INDICES: CLOSING VALUES. YESTERDAY'S CANADIAN INDICES: LATEST AVAILABLE

AUSTRALIA, AUSTRIA, BELGIUM, DENMARK, FRANCE, GERMANY, HONG KONG, ITALY, JAPAN, NETHERLANDS, NORWAY, SINGAPORE, SOUTH AFRICA, SPAIN, SWEDEN, SWITZERLAND, WORLD

	Oct. 17	Oct. 14	Oct. 13	Oct. 12	1983 High	1983 Low
[illegible]						
SPAIN Madrid SE (31.12.82)	(c)	120.82	181.17	(c)	121.17 (13/9)	98.82 (11/1)
SWEDEN Jacobson & P. (1.1.58)	1447.28	1428.57	1424.38	1489.43	1528.60 (6/9)	886.19 (3/1)
SWITZERLAND SwissBankCpn. (31/12/58)	343.8	342.4	342.8	342.1	347.9 (4/8)	294.4 (4/1)
WORLD Capital Intl. (1.1.70)	—	181.9	182.7	182.3	185.9 (10/10)	154.6 (3/1)

(**) Saturday Oct. 15: Japan Dow 9284.34; TSE 682.61.

Base values of all indices are 100 except Australia All Ordinary and Metals—500. NYSE All Common—50; Standard and Poors—10; and Toronto—1,000, the last named based on 1975. † Excluding bonds. ‡ 400 industrial. § 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

LONDON STOCK EXCHANGE

MARKET REPORT

Surprise fall in U.S. money supply helps Gilt-edged but equities drift lower again

Account Dealing Dates
Option

*First Dealings	Declara-tions	Last Dealings	Account Day
Oct 3	Oct 13	Oct 14	Oct 24
Oct 17	Oct 27	Oct 28	Nov 7
Oct 31	Nov 10	Nov 11	Nov 21

* "New-time" dealings may take place from 9.30 am two business days earlier.

An unexpected contraction in U.S. money growth sent Gilt-edged securities higher yesterday but did little for leading UK equities, which drifted easier for the seventh consecutive trading session. Last week's surprise fall in the U.S. basic money supply measure, M1, and the bond market's sharp late rally on Friday, initially supported London stock market sentiment.

Revived hopes that American short-term interest rates would turn lower because of the slowing in money growth and thus ease recently increased upward pressures on UK rates helped the gilt-edged market shrug aside recent worries concerning the outlook for inflation.

Longer-dated Government stocks opened as much as ½ up with the emphasis on Treasury 10½ per cent 1989, dealt in special ex-dividend for the first time yesterday. Interest was quite lively but, considering the stock's relative attractions, the overall volume of business left some traders disappointed and gilt-edged quotations began to slip from the best.

Afternoon publication of September's record Retail Sales figures failed to influence sentiment and the later easier tendency was more a reflection of lower U.S. bond values early yesterday. Final gains among the longs ranged to ⅜, but the shorts stayed close to the day's best with rises extending to 3/16. Index-linked stocks were quieter and a shade mixed; Treasury 2½ per cent IL 2020 closed at £30⅜.

Weekend Press articles suggesting that UK equities were in the early metamorphic stages of a bear market did not install confidence into prospective equity investors. The new trading Account therefore started on a quiet but steady note. Buyers, however, continued to hold off and, with the institutions seemingly short of funds, most leading shares began to drift lower for want of support.

The CBI's pessimism about the Government's scope for future tax cuts and its caution about the duration and strength of the recovery, combined with continuing worries about the lengthening rights issue queue, were other deterrents to investors. After posting a loss of around 1.8 for much of the session, the FT Industrial Ordinary share index recovered slightly in the later stages to close 0.9 down on balance at 677.6, its lowest since July 13.

Banks better late

The major clearing banks, dull during the "House" session on continuing concern about world debt problems and revived fears about a further windfall profits tax, staged a useful technical rally in the late dealings. Double figure falls were erased and sometimes replaced with net gains. Barclays closed unchanged on balance at 423p, after 413p, while NatWest finished 7 higher on balance at 562p, after 550p. Midland, down to 370p at one stage, recovered to Friday's closing level of 378p, while Lloyds closed 3 dearer on balance at 438p, after 430p. Elsewhere, the recently depressed Hongkong and Shanghai rallied 4 to 60p on hopes of a return to financial stability in the colony following Hong Kong dollar/U.S. dollar link.

Insurances, hard hit in the latter part of last week, continued to drift lower yesterday, but Eagle Star met with renewed demand on speculation about the demerger of its Grovewood subsidiary, VG Instruments, and firmed 5 to 450p.

Institutional investors continued to shy away from Breweries. Grand Metropolitan dipped to a 1983 low of 298p before settling with a net fall of 3 at 300p. Bass shed 8 at 295p and Scottish and Newcastle eased 1½ at 90p. Despite forecasts of record domestic consumption in 1983, ciders also succumbed; H. P. Bulmer closed 17 lower at 268p, while Merrydown Wine gave up a similar amount at 365p.

Leading Buildings remained vulnerable to small selling, but some managed a small late technical recovery to close modestly lower on balance. Blue Circle ended 5 off at 405p, as did BPB Industries, at 248p. Tarmac, a couple of pence easier initially, picked up to close without alteration at 418p, but Redland shed 5 to 240p. Bryant Holdings reacted to a 1983 low of 49p before closing a net 4 down at 50p following preliminary profits at the lower end of market estimates, while Wettern Brothers lost 3 to 72p after the interim statement. Elsewhere, Russell Brothers (Paddington) provided a bright feature, rising 30 to 145p on the agreed 100p per share bid from Mr Neil Phoenix; Mr Phoenix will endeavour to maintain the company's Stock Exchange listing. UBM softened a penny to 123p; the Norcros offer closes tomorrow. Milbury, in which dealings resumed last Friday after publication of the company's offer document for Westminster Property, shed 5 to 90p on a sell recommendation. Helical Bar, the subject of a 65p per share partial offer from Exent, firmed 3 to 85p, after 87p, following Press comment.

ICI, strong last week on U.S. buying, encountered sporadic domestic profit-taking and eased 6 to 568p. Other Chemicals also lost ground, Allied Colloids softening 5 to 255p and Yorkshire Chemicals 4 to 73p. Against the trend, British Benzol improved 1½ to 17p.

Leading Retailers continued to drift lower with sentiment again unsettled by a broker's bearish circular; news later of last month's record retail sales failed to give business any noticeable impetus, although many leaders finished above the day's worst. MFI firmed 4 to 132p; the shares will be quoted ex-the rights issue today. Wearwell attracted renewed speculative support and in a brisk trade rose 5 to 81p, while Sumrie Clothes advanced 10 to 95p for a similar reason. Call option business lifted rumoured "shell" situation Kraft Productions 15 to 175p. In contrast, Superdrug Stores slipped 10 on persistent small selling to a 1983 low of 233p. K. O. Boardman eased 1½ to 11p following the auditors' qualification of accounts.

GEC improve

Against the general trend, leading Electricals were inclined firmer with GEC improving 6 to 186p and Thorn EMI rallying 5 more to 573p. Cable and Wireless, reflecting the Hong Kong currency moves, put on 7 at 280p. BSR rose 8 to 140p amid reports that the managing director of the company will be visiting various brokers soon, but UEI remained an unsettled market following the interim results and fell to 165p before settling at 175p, down 20 on balance. Sound Diffusion met with nervous selling awaiting Thursday's interim figures, but after dipping to 99p closed only 3 off on the day at 105p. High technology issues remained on offer. Micro Focus lost 30 to 550p, and falls of around 10 were sustained by Memec, 475p, Oceonics, 310p, and United Scientific, 337p. AB Electronic weakened 36 to 760p following a newspaper "sell" recommendation. Other noteworthy losses included Automated Security, down 9 further at 126p, and Lee Refrigeration, 10 off at 260p.

A poor market last week, Hawker traded on a steadier note at 278p, up 2, awaiting tomorrow's interim figures. Among the occasional movements elsewhere in the Engineering sector, Parkfield Foundries were outstanding at 40p, up 12, following a bout of speculative buying. Bullough, in contrast, weakened 15 to 218p in a limited market, while falls of 10 were marked against Haden, 198p, and A. Cohen, 320p. Tace, a rising market of late in sympathy with Goring Kerr, encountered profit-taking and eased 4 to 124p.

Food Retailers continued to retreat from recent highs. Dee Corporation met with small selling and, in an unwilling market, shed 14 to 326p, while J. Sainsbury drifted 8 lower to 407p. Tesco lost 4 to 159p and Argyll cheapened 2 to 126p. Elsewhere, Danish Bacon "A," which leapt 57 on Friday following the announcement that the company was in bid discussions with Ess-Food, encountered profit-taking and came back 15 to 110p. Peek Holdings, however, attracted fresh support and put on 3 to 41p.

Glaxo rally

With the exception of Glaxo, which rallied 23 to 733p on revived occasional buying after last week's setback on disappointing preliminary figures, leading Miscellaneous Industrials rarely strayed from Friday's closing levels. Elsewhere, the moves to protect the Hong Kong dollar gave a welcome boost to Hong Kong equities, Swire Pacific "A" rising 11 to 115p and Jardine Matheson 4 to 73p. Still reflecting Victor Technologies' problems, Applied Computer met with further selling and gave up 17 more at 338p. Other Computer issues continued to give ground with Star down 20 at 255p. Francis Sumner eased a penny to 7½p on the heavier interim loss, but favourable Press mention prompted gains of around 4 in Neill and Spencer, 26p, Walker and Homer, 19p, and Continuous Stationery, 36p. London and Liverpool edged up a couple of pence more to 51p after Friday's late revival. Occasional selling left Associated British Ports 7 down at 200p, while Scapa Group fell 10 to 272p and Fisons 16 to 647p, the last-named despite the private U.S. convertible notes placing.

Press comment prompted a couple of bright spots in the Leisure sector, Medminster firming 3 to 58p and Intervision Video hardening a penny to 27p. Elsewhere, 21st Century Distribution rose 18 to 168p.

Group Lotus added 3 for a gain of 6 to 66p since last Friday's announcement that Mr David Wickins had been appointed chairman.

Adverse comment regarding the valuation of stakeholdings in Reuters prompted marked weakness in recently-buoyant Fleet Holdings, which dipped 10 to 116p. Reed International, firm last week on the proposal to hive-off the Mirror Group, reacted 6 to 322p; Fleet and Reed hold 12 per cent and 7.8 per cent respectively of Reuters. B.P.M. closed 4 to the good at 102p following the sharply improved preliminary profits.

Selected Property issues attracted support following Press comment. Land Securities edged up a couple of pence to 295p, while MEPC hardened a penny to 208p. Further consideration of the interim results left Hammerson "A" 5 dearer at 710p. Elsewhere, Trust Securities, a rising market recently on speculative interest, shed 3 at 39p, but Espley Tyas, a couple of pence easier initially, picked up to close unchanged on balance at 78p after news of a substantial property sale.

Oils quietly steady

Interest in the Oil sector failed to expand from the recent low levels, but the majority of quotations traded on a quietly firm note. Shell edged up a couple of pence to 568p, while Britoil were similarly dearer at 224p. Elsewhere, Jackson Exploration met fresh speculative support and put on 5 more to 92p.

Overseas Traders were dominated by Tozer Kemsley and Millbourn which rallied 3 to 26p in response to the weekend announcement of the disposal of its Price and Pierce subsidiary to Sears Roebuck of the U.S. Harrisons and Crosfield eased 13 to 737p awaiting today's half-timer.

Late falls in Golds

South African Golds made a bright start to the new Account and edged higher throughout the morning as local and overseas interest followed another steady performance by bullion markets.

However, the afternoon brought about marked weakness in silver prices which, in turn, unsettled gold. The share market promptly fell away owing to an initial mark down which was quickly followed by persistent American offerings.

The transatlantic selling continued up until the after-hours trade when short covering arrested the decline.

Nevertheless losses were sufficient to cause a 9.2 fall to 546.9 in the Gold Mines index.

Bullion, which held above $400 an ounce for most of the morning, fell to $391 at one point before rallying to close a net $4.625 easier at $394.625.

In the leading heavyweights falls ranged to £1½, as in Randfontein, £78¾, after £80¼, and Vaal Reefs, £70, while Western Holdings, due to declare a final dividend on Thursday, gave up ¾ to £31½.

Marginals were highlighted by Durban Deep, which closed ½ off on balance at £17¾, after £18⅛. Wit. Nigel continued to move against the general trend and added 13 more at 173p owing to renewed Johannesburg buying in a thin market.

The late weakness in gold and gold shares unnerved other sectors of mining markets, especially Financials where De Beers retreated from a firm opening to close 3 cheaper at 535p after 540p. Anglo American Corporation gave up ¼ at £11¼ and Gencor a like amount at £15⅝.

In the London-registered Financials RTZ and Charter Consolidated rose 3 apiece to 545p and 215p respectively but Gold Fields dipped a further 7 to 500p, after 497p.

Talk of continued West German buying interest prompted good gains in Platinums. Rustenburg put on 15 to 700p, Impala 10 to 820p and Lydenburg 5 to 515p.

Australians continued to drift in idle trading although there were one or two firm spots in the speculatives, notably Australis, 1½ to the good at 23½p and Cultus, which added a like amount at 15½p, the latter following favourable Press comment.

Elsewhere, Gopeng were finally 400p, after 395p, following the proposed change of residence for tax purposes and the deal with the Perak State Development Corporation.

Traded Options attracted 2,559 trades, with business almost evenly split between calls and puts. Courtaulds, due to announce interim results next month, attracted 229 calls, the majority of which were struck in the soon-to-expire October 86 series, and 212 puts. A similar two-way business developed in Grand Metropolitan where 120 calls and 131 puts were struck.

FINANCIAL TIMES STOCK INDICES

	Oct. 17	Oct. 14	Oct. 13	Oct. 12	Oct. 11	Oct. 10	year ago
Government Secs.	81.20	81.10	81.06	81.40	81.66	81.88	83.48
Fixed Interest	84.29	84.46	84.44	84.60	84.90	84.83	84.31
Industrial Ord.	677.6	678.5	686.0	692.1	698.2	701.1	620.4
Gold Mines	541.2	651.1	648.9	642.1	572.7	570.2	408.3
Ord. Div. Yield	4.98	4.98	4.94	4.88	4.85	4.79	4.50
Earnings, Yld.% (full)	8.88	8.86	9.70	8.68	8.60	8.52	10.18
P/E Ratio (net) (*)	13.68	12.68	12.80	12.94	13.04	13.10	11.72
Total bargains	20,021	20,217	10,626	20,084	10,812	12,887	25,051
Equity turnover £m.	—	279.90	245.09	123.53	150.66	171.32	126.86
Equity bargains	—	10,992	16,952	15,031	15,250	16,942	18,542
Shares traded (ml)	—	176.8	156.2	117.7	103.9	103.2	121.4

10 am 678.5. 11 am 676.7. Noon 676.7. 1 pm 676.0. 2 pm 676.7. 3 pm 677.4.

Basis 100 Govt. Secs. 15/1/26. Fixed Int. 1928. Industrial 1/7/35. Gold Mines 12/1/58. SE Activity 1974

Latest Index 01-246 8026.

Nil=11.92.

HIGHS AND LOWS

	1983 High	1983 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs	83.60 (15/6)	77.00 (24/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	84.90 (11/10)	79.03 (1/2)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	740.4 (22/8)	598.4 (12/1)	740.4 (22/8/83)	49.4 (26/6/40)
Gold Mines	734.7 (15/2)	631.6 (29/5)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY

	Oct. 14	Oct. 13
—Daily		
Gilt Edged Bargains	173.3	156.0
Equities Bargains	122.3	109.6
Value	565.7	495.4
5-day Avrge		
Gilt-Edged Bargains	163.7	156.8
Equities Bargains	109.6	102.7
Value	424.7	585.2

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. g Assumed dividend and yield. u Forecast dividend cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1983. H Dividend and yield based on prospectus or other official estimates for 1983-84. Q Gross. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. ● Figures or report awaited. § Placing price. p Pence unless otherwise indicated. ¶ Issued by tender. || Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. || Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. ☆ Effective issue price after scrip. † Formerly dealt in under special rule. †† Dealt in under Rule 163 (3).

NEW HIGHS AND LOWS FOR 1983

NEW HIGHS (26)

BRITISH FUNDS (1)
Exchor. 3pc 1984
COM'WEALTH & AFRICAN LOANS (1)
N.Z. 7¼pc '81-86
AMERICANS (2)
Colt Inds. Dana Corp.
BREWERS (1)
Irish Distillers
CHEMICALS (2)
Ciba-Geigy 8pc 1981-94 Hoechst AG
STORES (1)
Ramar Textiles
ENGINEERING (2)
...

NEW LOWS (41)

...
ENGINEERING (3)
Benro Inds. Woodhouse & Rixson
Haden
FOODS (1)
Barrow Milling
HOTELS (1)
Grand Met.
INDUSTRIALS (7)
Barget Mathesons 7½pc Cnv. 1987-02
Cole Group Relyon
Macpherson (D.) Securicor A N-V
Oriflame Internatl.
PROPERTY (1)
Edmond. Hldgs.
TEXTILES (1)
Martin (A.)
TRUSTS (2)
M&G 2nd Dual Cap. Utd. Comp. & Tech.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	79	5	18
Corpns. Dom. and Foreign Bonds	27	4	40
Industrials	185	452	750
Financial and Prop.	83	128	308
Oils	20	39	55
Plantations	2	5	14
Mines	30	70	68
Others	40	88	51
Totals	466	791	1,304

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
BSR Int'l	140	+ 8
Bryant Hldgs	50	− 4
Cable and Wireless	280	+ 7
Commercial Union	151	− 1
Dee Corpn	326	− 14
Eagle Star	450	+ 5
Fleet Hldgs	116	− 10
GEC	186	+ 6
ICI	568	− 6
Sampang (Java)	14½	− 2½
Sound Diffusion	105	− 3
Wearwell	81	+ 5

FRIDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Fri. close	Day's change
Eagle Star	28	445	− 5
ICI	24	574	− 16
GEC	18	180	− 3
Hoover A	17	217	+ 12
Danish Bcn A	16	125	+ 57
Glaxo	18	710	+ 5
Grand Met.	16	303	− 4
Reed Int'l	16	328	− 4
Cons Gold Flds	15	501	− 6
Lon & Liv Tst	15	49	+ 5
N Kalgurli Mns	15	64½	+ 1½
Shell Trans	15	566	− 10
Barclays Bank	14	423	− 12
Ingram (H.)	14	238	− 12

OPTIONS

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Oct 10	Oct 21	Jan 12	Jan 23
Oct 24	Nov 4	Jan 26	Feb 6
Nov 7	Nov 18	Feb 9	Feb 20

For rate indications see end of Share Information Service

Call options were arranged in Premier Oil, Yelverton, Bula, Trust Securities, Kean and Scott, Southwest Resources, Ramar Textile, First National Finance, Tottenham Hotspur, Metal Sciences, Brown and Jackson, London and Liverpool, Kraft Productions, Strong and Fisher, GRA, Arlen, Barratt Developments, Generale Oriental and Duport. A put was completed in London and Liverpool, while doubles were taken out in Tricentrol, UKO and Foster Brothers Clothing.

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

[illegible]

FIXED INTEREST

[illegible]

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

EUROPEAN OPTIONS EXCHANGE

Series		Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	May Vol.	May Last	Stock
GOLD C	$400	12	8.50	30	24 A	1	36.50	$394.50
GOLD C	$425	5	3 A	00	11	2	20.50	—
GOLD C	$450	160	1	8	7 A	10	14.80	"

[illegible]

TOTAL VOLUME IN CONTRACTS: 7,760

A=Ask B=Bid C=Call P=Put

LONDON TRADED OPTIONS

Option	Calls Oct.	Calls Jan.	Calls Apr.	Puts Oct.	Puts Jan.	Puts Apr.
Brit. Petroleum (*434)						
380	66	70	—	1½	3	—
390	50	48	08	1½	8	14
420	11	20	30	7	20	30
460	1½	11	20	40	45	62

Option	Calls Nov.	Calls Feb.	Calls May	Puts Nov.	Puts Feb.	Puts May
Imperial Group (*124)						
110	16	20	22	1	3	4
120	7	13	15	3½	6	8
130	2	0	0	9	11	13

[illegible]

Oct. 17. Total Contracts 2,559. Calls 1,277. Puts 1,282.
* Underlying security price.

FT LONDON SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1983 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
102¾	100⅜	Exch. 13½pc '83	100⅝xd	+1/16	13.43	8.86
100⅛	98¾	Exch. 10pc 1983	100⅛	—	9.99	9.39
99¼	96¼	Funding 5½pc '82-84‡‡	99⅛	—	5.55	9.17
101¼	99½	Exch. 11¼pc 1984	100⅝	+⅛	11.19	8.98
104⅞	100⅝	Exchequer 14pc 1984	102⅞xd	+1/16	13.65	9.71
95⅝	92½	Exch. 3pc 1984	95⅝	+1/16	5.13	9.52
102⅜	100⅜	Treasury 12pc 1984	101⅝	+⅛	11.77	9.73
107⅝	104⅜	Treasury 15pc 1985	105⅛	+⅛	14.22	10.47
107	101⅛	Exch. 12pc Cnv. '85	102⅛	+⅛	11.75	10.34
92½	88⅝	Treasury 3pc 1985	92⅛xd	+⅛	3.25	8.45
102½	99⅜	Treasury 11½pc 1985	101⅞	+⅛	11.33	10.51
102	95	Treas 8½pcCnv '85	97⅝	+⅛	0.95	10.10
109⅝	100⅛	Exch. 12¼pc 1985	102⅞xd	+⅛	11.95	10.91
102⅝	99⅛	Exch. 11¾pc '86	101⅛	+¼	11.56	10.92
101⅜	97¼	Treas 10pc Cnv 1986	99	+⅛	10.10	10.44
88½	85⅝	Treasury 3pc 1986	87⅜xd	+⅛	3.42	8.44
101⅜	97⅛	Exch. 10¼pc Cv '86	99¼xd	+⅛	10.56	10.82
103⅜	100⅛	Treasury 12pc '86	102	+⅛	11.76	11.08
95⅝	94½	Treasury 8¼pc '84-86‡‡	95⅛	—	8.94	10.57
114	103¾	Treas. 12¼pc '86 Cnv.	107	+½	11.44	9.25
109⅛	105⅛	Exch. 14pc 1986	107⅛xd	+⅛	13.04	11.09
107⅛	103⅝	Exch. 13¼pc 1987	105⅝	+⅛	12.57	11.19
98⅝	95⅞	Tr 10¼pc Cv '87	98⅛	+⅛	10.45	10.92
84⅛	80¼	Exchequer 2½pc 1987	82⅛	+⅛	3.04	8.73
100⅛	95⅞	Exch. 10½pc 1987	98⅛	+⅛	10.66	11.06
93¼	88⅞	Funding 6½pc '85-87‡‡	89⅜xd	+1/16	7.28	10.20
61⅜	59⅞	Treas. 10pc '87 (£60pd)	60⅛	+⅛	10.51	11.00
86	80¼	Treasury 3pc 1987	81½	+⅛	3.68	8.91
104⅝	99⅞	Treas 12pc 1987	102⅜xd	+⅛	11.68	11.15
93¼	89⅛	Treasury 7¾pc '85-88‡‡	90⅛	—	8.59	10.64
101½	95½	Exch 10½pc '88	98⅛	+⅛	10.70	11.08
30¼	29½	Treas 9½pcCv'88(£30pd)●	29⅜	+⅛	10.15	10.85
81½	75¼	Transport 3pc '78-88	77½	—	3.87	8.95

Five to Fifteen Years

1983 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
96¼	90¼	Treas. 9½pc '88	93⅞xd	+⅛	10.10	11.07
104⅝	95¼	Treasury 11½pc 1989	102⅞	+½	11.38	11.20
101¼	94¼	Treas 10½pc 1989	101⅛	+½	10.80	11.15
83¼	16	Treasury 5pc '86-89	79⅜	+⅛	6.30	9.61
112½	103	Treasury 13pc 1990‡‡	110⅝	+¼	12.12	11.32
108¼	100⅞	Exch. 12½pc 1990	106⅛	+¼	11.88	11.30
92	86¼	Treasury 8¼pc '87-90‡‡	91⅛	+⅛	9.32	10.68
106¼	97	Treasury 11¾pc 1991	104⅞	+¼	11.56	11.38
03	74⅛	Funding 5¾pc '87-91‡‡	78⅜	+⅛	7.36	9.96
103	95⅞	Exch. 11pc 1991	98⅞xd	+¼	11.10	11.17
114⅞	102	Treasury 12¾pc '92‡‡	110½	+¼	11.87	11.32
99⅝	88¼	Treasury 10pc 1992	97	+⅛	10.48	10.83

Over Fifteen Years

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

LOANS
Public Board and Ind.

LOANS—continued
Financial

Building Societies

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

BANKS, H.P. & LEASING

BANKS—Continued

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

CHEMICALS, PLASTICS—Cont.

DRAPERY AND STORES

ELECTRICALS

ELECTRICALS—Continued

ENGINEERING

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

1983 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
23	9½	Keep Trust 5p	10½		10.15	—	[illegible]	—
210	140	Kelsey Inds.	185		8.0	1.1	6.2	12.7
155	110	Kershaw (A.) 5p	130		‡15.0	0.6	[illegible]	[illegible]
88	39	Keep-E-Ze Hldgs	75	1	3.8	0.5	5.7	—
181	52	L.C.P. Hldgs	28	2	1.6	1.2	5.8	(19.8)
32	14	LOB Group	26			—	—	—
132	93	L.R.C. Int. 10p	104	1	h2.95	2.3	4.1	15.6
33	17	Lamont Hldgs 10p	52	1	11.3	1.0	5.9	12.4
40	26	Lawtex	39	+3	[illegible]	—	—	◆
480	345	Lep Group 10p	460	5	17.5	0.3	5.4	63.8
36	22	L.Heshall 10p	54		d1.0	—	4.2	—
350	42	Lon. & Liv. 10p	51	+2	h2.75	5.5	7.7	9.6
135	97	London & Midl'd	109		7.75	1.1	10.2	12.2
110½	38	Lon. & Nthn Grp	77½	½	F4.2	◆	7.7	10.9
40	23	‡Lon Prm Health	25			—	—	11.5
65	46	Longton Inds.	57		1.0	—	2.5	..
120	70	Low & Bonar 50p	110xd	+1	15.0	2.8	6.5	(6.2)
48	32½	MCD Group	44½	+½	●1.0	2.2	3.2	28.3
81	67	[illegible] 5p	80	+3	h1.68	2.6	3.0	18.6
26	16	M.Y. Dart 10p	20		0.1		0.7	
212	134	M'c'lhy Ph. 20p	148	1	1.0	2.1	0.8	1.0
148	128	Macfarlane Gp	142	1	13.52	2.1	3.5	12.4
46	33	Maclellan 20p	34		●1.5	1.6	6.3	12.2
61	36	Macpherson (D.)	36	1	4.2	0.6	16.7	(20.7)
56	41	Magnolia Group	54		2.3	3.2	6.1	6.3
180	65	Man Ship Can. £1	132	3	3.5	6.8	1.9	4.0
11	48	Manley	74		12.5	0.5	4.8	(8.8)
45½	30½	Marling Ind. 10p	42	+½	1.08	1.7	3.7	(8.9)

LEISURE—Continued

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

INSURANCES

LEISURE

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc.

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

Central African

MINES—continued

Australians

1983 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
28½	13½	♥ACM 20c	17½	..	—	—	—
52	32	Allstate Explo NL	38	..	—	—	—
40	9	♥Austrais Mng. NL	23½	+1½	—	—	—
25	11	Balmoral Resources	18	−1	—	—	—
60	37	♥Black Hill Mins.	42		—	—	—
85	51	♥Bond Corp.	67	+1	010c	◆	9.6
161	116	♥Bougainville Kina	143	−3	mQ3.21	1.2	1.4
372	204	♥CRA 50c	328	+4	tQ3c	—	0.6
145	60	♥Carr Boyd 20c	68	−2	—	—	—
38	23	♥Central Kalgoorlie	35	..	—	—	—

Tins

Miscellaneous

NOTES

REGIONAL AND IRISH STOCKS

OPTIONS

3-month Call Rates

"Recent Issues" and "Rights" Page 33

Authorised Units—continued

Offshore and Overseas—continued

Insurances—continued

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

INSURANCES

INSURANCE & OVERSEAS MANAGED FUNDS

Black Horse Life Ass. Co. Ltd.
71, Lombard St., EC3 01-623 1288

Black Horse Man Fd		233 44	....	—
Managed Inv. Fd	157 35	165.64	....	—
Property Fd	151.07	159.03	...	—
Fixed Interest Fd	147.14	154 89	....	—
Cash Fd	136.95	143 11	....	—
Income Fd	171.47	180.50	....	—
Extra Income Fd	162 17	170 71	...	—
Worldwide Growth Fd	231.62	243.82	....	—
Balanced Fd	172 42	181.50	...	—
Smlr Co's & Recv. Fd	201.25	211.85	....	—
Int. Technology Fd	270 97	285.24	....	—
Nth. Amer. & Gen. Fd.	160.18	179.14	....	—
Energy Int. Fd	107.69	113.36	....	—
Pacific Basin Fund	132.41	139.38	...	—

British National Life Assurance Co. Ltd.
Harlands Rd, Haywards Heath. 0444 414111

Managed	112.0	117.9	....	—
Property	106.0	111.5	....	—
Equity	113.5	119.5	....	—
International	128.6	135.4	....	—
Fixed Interest	101.5	106.8	....	—
Deposit	99.2	104.4	....	—
Managed Pen. Cap.	112.6	118.5	....	—
Property Pens. Cap.	104.6	110 1	....	—
Equity Pens. Cap.	107.8	113.5	....	—
Intnl. Pens. Cap.	134.9	142.0	....	—
Fixed Int. Pens. Cap.	99.2	104.4	....	—
Deposit Pens. Cap.	97.2	102.3	....	—

Canada Life Group
2-6, High St., Potters Bar, Herts. P. Bar 51122

Equity 6th Sept. 29		94.5	....	—
Rtmt. Fed. Aug 6		255.4	....	—
Managed Pen Fund	177.0	186.3	-3.6	—
Property Pen Fund	114.0	120.0	+0.3	—
Index Linkd Pen Fund	111.6	117.4	+0.4	—
Managed	119.9	125.2	-0.5	—
Property	104.0	109.5	-0.1	—

G.T. Management Ltd.
16 Finsbury Circus, Lond EC2M 7DJ 01-628 8131

G.T. Plan Bond Fund	122.5	129.0	+0.6	—
GT Pln High Yld Fnd	113 0	119 8	....	—
GT Plan Far East Fnd	111.6	117.5	....	—
GT Pln N Am Fund	141.4	148 9	....	—
GT Pln UK&G.E. Fnd	126.9	133 6	....	—
GT Pln Wrldwde Fnd	133.2	140.3	....	—
GT Pension Bnd Fnd.	132.5	139 5	-0 9	—
GT Pen High Yld Fd.	129.2	136.0	....	—
GT Pen Far East Fd	136.1	142.3	....	—
GT Pen N. Am. Fd.	207.4	218.4	....	—
GT Pen UK & G.E. Fd	147.0	154.8	....	—
GT Pen Worldwide Fd.	141.8	149.3	....	—

Prices for Accum. Units only.

Assicurazioni GENERALI S.p.A.
117, Fenchurch St., EC3M 5DY. 01-488 0733

Int. Managed Bond	166 9	175.7	....	—

General Portfolio Life Ins. C. Ltd.
Crossbrook St., Cheshunt, Herts. Waltham X 31971

Portfolio Fd. Acc.		249.3	....	—
Portfolio Fd. Int.		206.7	....	—
Portfolio Fd. Cap.		238.3	....	—
Investment Accts	249.2	262.4	....	—

Gresham Unit Ass. Ltd.
2-6, Prince of Wales Rd. B'mouth. 0202 767655

Managed Fd	272.3	286.9	....	—
Money Fd	254.9	263.1	....	—
Equity Fd	232.9	245.4	....	—
Fixed Int. Fd	117.1	123 4	....	—
Property Fd	171.0	180.2	....	—
Managed Pen. Fd	247.8	261.1	....	—
Equity Pension Fd	186.6	196.6	....	—
Fixed Int. Pen. Fd	163.8	172.6	....	—
High Yield Pen. Fd	161.5	170.2	....	—
Money Pension Fd	127.5	134.2	....	—
Property Pension Fd.	126.9	133.7	....	—

Lloyds Life Assurance—cont.

Gartmore Funds—Series A

American Oct 11	176.5	187 4	....	—
British Oct 11	130.2	137 1	....	—
Commodity Oct 11	123.5	130.0	....	—
Extra Inc. Oct 11	115.2	121.3	....	—
Far Eastern Oct 11	95 7	100.8	....	—
High Inc Oct 11	110.4	116.3	....	—
Income Oct 11	142.5	150 1	....	—
Global Strategy Oct 11.	167.9	176.8	....	—
Special Sits Oct 11	133.1	138.1	....	—
Gilt Oct 11	106.8	112.5	....	—
Japan Oct 11	159 4	168 4	....	—
US Small Co's Oct 11	117.8	124.0	....	—
Man Gwth Oct 11	150.7	158 7	....	—
Austria. Oct 11	118.7	125.0	....	—
Oil & Energy Oct 11	119 4	125.7	....	—
Gold Share Oct 11	82.4	86 8	....	

London A'deen & Nthn. Mtl. Assur. Ltd.
129 Kingsway, London, WC2B 6NF. 01-404 0393

'Asset Builder'	65.1	69.0	....	—

London Indemnity & Gnl. Ins. Co. Ltd
18-20, The Forbury, Reading 583511.

Money Mngr Oct 15	60 3	65.0	....	—
MM Flexible Oct 6	52.3	55.2	....	—
Fixed Interest Oct 1	54 7	57.7	....	—

London Life Linked Assur. Ltd.
100, Temple St., Bristol. BS1 6EA. 0272-279179
See adjacent Page Mon-Fri and

OFFSHORE AND OVERSEAS

NOTES

COMMODITIES AND AGRICULTURE

Iran/Iraq ceasefire hints trigger falls in gold and base metals

BY JOHN EDWARDS

METAL PRICES seesawed violently yesterday, falling sharply in the afternoon after opening strongly in the morning.

Heavy speculative selling of silver in New York, reportedly on rumours of an Iran/Iraq ceasefire, triggered off a sudden turnround in gold and the base metal markets.

Gold, which reached a high of $402, fell to below $392 before closing at $394.625 an ounce, down $4.625.

Spot silver on the London bullion market opened at 698p an ounce and fell to 671p in the afternoon.

On the London Metal Exchange, the three-months price of higher grade copper reached a high of £999 in the morning before declining to close at £988.25 a tonne.

There was a similar pattern in aluminium, lead, nickel and zinc. However, zinc still ended the day marginally higher, boosted by news of the fire at Mitsui's smelter in Japan, which is expected to result in a 10,000-tonne loss of production in the next two months.

Lead was held up by news that LME warehouse stocks fell last week by a hefty 20,000 tonnes reducing total holdings to 198,075 tonnes. Aluminium stocks fell by 3,475 to 242,075 tonnes; nickel by 324 to 25,878; tin by 95 to 41,750; and zinc by 825 to 109,800.

However, copper stocks rose, for the twelfth consecutive week, by 8,000 tonnes to 405,500 and LME silver holdings increased by 150,000 to 37,370 ounces.

Kaiser intends to trade in aluminium futures

ALUMINIUM futures trading received a boost yesterday when leading producer Kaiser Aluminum confirmed it plans to trade on both the London and the forthcoming New York (Comex) contracts, writes John Edwards.

Kaiser said it had already begun trading on the London Metal Exchange and proposed to do so when the Comex contract is launched, probably in November.

Mr T. K. Sirker, president of Kaiser International, noted that the company has been trading copper and tin on the futures markets for 10 years.

This is the first time a leading aluminium producer has formally confirmed it is trading on the futures markets. It raises the question of whether aluminium producers will start basing their prices on the futures quotations. This February, Kaiser changed to what is called "transaction" pricing—to reflect real market conditions rather than setting an artificial producer quotation. Alcan also uses transaction prices in the U.S. although it sets a world price in dollars and a sterling quotation.

Highly integrated producers like Alcan and Alcoa tend to use most of their ingot production themselves. But companies which have shut a proportion of their smelting capacity, such as Kaiser and Reynolds are more concerned with international trading in ingots

Sunflower seed threshold system outlined

BY JOHN WYLES IN LUXEMBOURG

THE EUROPEAN Commission yesterday gave details of its proposals to subject durum wheat and sunflower seeds to a guaranteed threshold system to curb output and cover the costs of disposing of surpluses.

Other cereals, together with colza and rape seeds, are already subject to threshold systems which effectively provide for lower increases in guaranteed prices when a certain level of production has been exceeded.

The latest commission proposals form part of the Common Agricultural Policy reform package now under negotiation between EEC governments.

Community self-supply in hard wheat is now running at 103 per cent and the production threshold would be based on output over the last three years.

The intervention price would be reduced by 1 per cent, up to a limit of 5 per cent, for every 50,000 tonnes produced above this threshold.

The commission also proposes to create an intervention price system for sorghum on the grounds that its production should be encouraged in Mediterranean regions.

The proposed threshold system for sunflower seeds would be similar to that for colza and rape seeds and will be included in the commission's farm price proposals for 1984-85.

Coffee hits new six-month peaks

By Our Commodities Staff

COFFEE VALUES on the London futures market bounced up again yesterday reversing Friday's late decline and establishing new six-month peaks.

But dealers said there was no fresh fundamental news and attributed the speculative buying which lifted the January position £28.50 to £1,903 a tonne to bullish cart patterns. Physical business was quiet, they added.

● THE National Farmers' Union and the Country Landowners Association have asked other groups directly affected by the Agricultural Holdings Bill to meet them for discussions.

● PRIVATE traders should be allowed to compete freely with the Australian Wheat Board, recommends the Government's Industries Assistance Commission.

● GHANA IS to start large-scale soyabean cultivation with help from Brazil.

● BRAZIL has an export target of 400,000 tonnes of frozen concentrated orange juice for 1983-84, compared with 442,000 tonnes the previous year.

● COCERAL, the European grain traders' association, says the EEC decision to halt advance payments on farm aids could lead to acute financial problems for grain traders and processors.

● VOLUME at the Chicago Mercantile Exchange rose 19 per cent in January to September, compared with the same period in 1982, with 29,292,333 contracts changing hands.

Tea producers plan new talks on quotas

BY ANTHONY McDERMOTT IN GENEVA

MAJOR TEA producers will meet here again in January in a renewed effort to reach agreement on allocation of tea export quotas.

Last week's talks, held under the auspices of the UN Conference on Trade and Development (Unctad), failed once again to agree on export quotas. Kenya, still opposes restrictions on its expanding industry.

But Unctad officials were encouraged that the major exporters—India with 1982-83 exports of 200,000 tonnes, Sri Lanka with 180,000 tonnes and Kenya with 100,000 tonnes—would be getting together in an attempt to work out export quotas.

If the January talks among these countries are successful then a full-scale negotiating conference, with consumers, will be held in March.

On technical issues, it was agreed that the quota year should start on April 1; that quotas should be estimated annually rather than quarterly or monthly; and there was some movement on what should be the agreed indicator market price for tea, based on the prices in the five main producer countries.

But Mr Richard Thomas, the tea group chairman, says: "Until the problem of quota shares is solved, there can be no negotiations. If producers fail to reach consensus, the March meeting will be cancelled."

The United States, however, was firmly against any regulation on supplies, arguing that tea prices were not unstable and that therefore controls were not needed.

The tea group's conference report noted: "Exporting countries considered that the current average level of tea prices—about 150p per kilo fob basis—was in line with exporters' previously stated objectives when factors such as inflation and exchange rate changes were taken into account.

It was also agreed that the proposed nominator currency on the indicator price—UK pence—provided a simple and comprehensive basis for expressing movements in the market price.

Indian output increasing

BY P. C. MAHANTI IN CALCUTTA

INDIAN tea output totalled 339.19m kilograms at the end of last August—about 17m kg higher than output a year earlier.

However, domestic consumption continues to rise at the rate of 15-20m kg annually and this higher local demand could cause a drop in the exportable surplus unless output rises dramatically.

As a precaution against the likely shortage for exports, the Indian government is considering bringing in imports solely for re-exporting in value added form.

Mr V. P. Singh, the Commerce Minister, has already made an announcement about the Government's intentions but details have not yet been made public.

Meanwhile, India's drive for packet tea exports suffered a sharp setback during 1982, when only 10m kg could be exported, compared with 38m kg two years before. The plan was to raise the volume progressively to 100m kg in four to five years.

India's bulk tea exports during the first three months of the current financial year have started on a disappointing note. The total quantity shipped came to only 32.61m kg, compared with 39.74m kg at the same time last year.

India's shipments for the Singapore auction have also been low key, so total offerings at the new international auction centre have so far fallen fairly sharply.

Poverty wages accusation

BY BARBARA DALZELL

JAMES FINLAY, the Glasgow-based multinational, is accused of paying poverty wages and allowing appalling conditions on the tea estates it controls in Bangladesh.

Unacceptable Faces of Tea, a pamphlet published yesterday by the World Development Movement and SEAD Campaigns, a Scottish group, says that several years' research shows that conditions for workers in Finlay's Bangladesh gardens are among the worst in the world.

James Finlay would not comment yesterday on either the pamphlet's contents or a World in Action TV report shown last night on the Bangladesh tea estates.

Mr Roger Jeffery, who did much of the research for the pamphlet, said yesterday that Finlay estate workers were paid about 8.5 taka (23p) a day. Housing and food was also provided, but this was believed to be of a very low standard.

He said James Finlay's profits had gone up by 205 per cent since 1978. In the same period, the real wages of the company's Bangladesh estate workers had gone down by 24 per cent.

He urged the company to defend its "atrocious" record and to provide documentary evidence of what it was doing to improve the living and working conditions of its Bangladesh employees.

World consumption continues to exceed supplies

BY RICHARD MOONEY

WORLD CONSUMPTION of tea in importing countries continued to exceed supply last year, the latest Annual Bulletin of Tea Statistics from the International Tea Committee (ITC) shows. Consumption totalled 1.274m tonnes compared with exportable production of 1.242m tonnes. But the consumption total, which excludes producing country usage and is described in the bulletin as "absorption," was down from 1981's 1.286m, the first fall since 1973.

In the 11 years since 1971 exportable production has increased by an annual average of 2.68 per cent while annual absorption has been rising at an average rate of 3.34 per cent.

Absorption did not overtake supply, however, until 1981. This has resulted in an upturn in prices but they remain below the freak peak reached in 1977 when relatively tight supplies of good-quality tea coincided with a severe coffee shortage.

In 1977 the average price for all tea traded at London and European auctions was 156.3p per kilo. This slipped back to 96.1p in 1980 before recovering to 99.3p in 1981 and 110.5p last year.

The stronger market has continued this year with the all tea price averaging 130.76p a kilo in the January-August period, according to the ITC's monthly statistical summary.

PRICE CHANGES

In tonnes unless stated otherwise	Oct. 17 1983	+ or —	Month ago
Metals			
Aluminium	£1060	......	£1060
Free Mkt.	$1600/1630	......	$1580/1610
Copper			
Cash h grade	£964.5	—8.5	£1027.0
3 mths	£988.20	—7.5	£1056.25
Cash Cathode	£939.5	—7.0	£996.5
3 months	£963.0	—7	£1024.5
Gold troy oz	$394.025	—4.625	$412.625
Lead Cash	£283.20	—0.5	£263.75
3 months	£281.150	—0.625	£273.75
Nickel	£4646.34	......	£4646.34
Free mkt	212/236c	......	220/250c
Palladium	$146.00	—2.30	$161.70
Platinum	£265.15	—1.50	£286.90
Quicksilver†	$325/330	......	$290/300
Silver troy oz	691.95p	—6.05	795.25p
3 mths	707.45p	—5.65	813.90p
Tin cash	£8647.5	—17.5	£8430
3 months	£8635	—25	£8530
Tungsten	$77.32	......	$72.17
Wolfram 22.04 lb	$79/83	......	$76/82
Zinc Cash	£574.5	+6	£560.8
3 mths	£588.70	+2.5	£566.25
Producers	$880	......	$880

	Oct. 17 1983	+ or —	Month ago
Oils			
Coconut (Phil)	$900y	+10	$965
Groundnut	‡	......	‡
Linseed Crude	‡	......	£591.60
Palm Malayan	$685v	+10	$685
Seeds			
Copra Phil	$590x	+6	$630
Soyabean (U.S.)	$350.9x	......	$343.75
Grains			
Barley Fut. Jan	£120.60	+0.85	£118.35
Maize	£144.50	+0.0	£144.50
Wheat Fut. Jan	£123.50	+1.10	£122.65
No2 Hard Wint	‡	......	‡
Other commodities			
Cocoa ship't*	£1472	—22	£1537.5
Fut. March	£1498.5	—20	£1499.5
Coffee Ft. Jan.	£1903	+28.0	£1757.5
Cotton A. Index	87.25c	......	99.00c
Gas Oil, Nov.	$252.25	......	$207.20
Rubber (kilo)	77.75p	—1.25	74p
Sugar (Raw)	$163xu	+0.5	£144
Woolt'ps 64s	400p kilo	......	400p kilo

‡ Unquoted. w Nov. u Dec. v Jan. x Oct.-Nov. y Nov.-Dec. † Per 76 lb flask. * Ghana cocoa. n Nominal.

LONDON OIL SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)		
Arabian Light	28.05-28.75	+0.08
Iranian Light	28.00-29.20	—0.02
Arabian Heavy	26.05-26.70	+0.02
North Sea (Forties)	29.60-29.85	—0.05
North Sea (Brent)	29.90-30.25	—0.03
African/Bonny L'ht	29.80-30.10	+0.05
PRODUCTS—North West Europe CIF ($ per tonne)		
Premium gasoline	293-295	+4.0
Gas oil	247-257	+1.5
Heavy fuel oil	166-171	—

GAS OIL FUTURES

During a very quiet morning the market traded slightly higher, reflecting firmer talk on physicals. Weakness on the New York opening pushed prices down, with arbitrage selling a major feature. A short-lived rally was followed by more selling, reports Premier Man.

Month	Yest'day's close	+ or —	Business Done
	$ U.S. per tonne		
Oct.	248.00	+0.75	248.25-47.00
Nov.	259.95	—	258.80-51.00
Dec.	254.25	+0.25	255.25-52.75
Jan.	254.66	+0.25	255.00-53.00
Feb.	251.70	—0.50	253.25-51.50
Mar.	247.00	—0.25	249.00-46.50
April	243.75	—1.75	244.75-43.75
May	244.00	+1.50	—
June	250.00	+0.50	—

Turnover: 1,942 (2,467) lots of 100 tonnes.

GOLD MARKETS

Gold fell $4¼ an ounce from Friday's close in the London bullion market yesterday to finish at $394¼-395. The metal opened at $401¼-402 and was trading around the $400 level ahead of the New York opening. Early trading in the U.S. saw gold positions liquidated on a large scale and the metal fell sharply to a low of $391¼-392 in London before recovering slightly at the close. Dealers were at a loss to pin-point the reason for the decline, suggesting that a fall in the dollar and U.S. interest rates would normally prompt a firmer trend in gold.

In Frankfurt the 12½-kilo bar was fixed at DM 33,490 per kilo ($400.77 per ounce) against DM 33,870 ($402.02) and closed at $394¼-395 from $398¼-399.

In Luxembourg the dollar per ounce equivalent of the 12½-kilo bar was fixed at $400.75 unchanged from Friday.

In Paris the 12½-kilo bar was fixed at FFr 102,600 per kilo ($402.24 per ounce) in the afternoon compared with FFr 102,600 ($401.78) in the morning and FFr 103,500 ($401.14) on Friday afternoon.

In Zurich gold closed at $393-396 from $398-401.

LONDON FUTURES

Month	Yest'rday's close	+ or —	Business Done
	$ per troy ounce		
Oct.	390.00-99.0	—4.50	—
Dec	399.40-08.0	—3.85	408.00-97.0
Feb.	405.00-06.0	—4.50	408.00-04.0
April	411.00-13.0	—4.75	—
June	417.00-20.0	—4.75	—
Aug	423.00-27.0	—0.80	—

Turnover: 522 (687) lots of 100 troy ounces.

	Oct. 17		Oct. 14	
Gold Bullion (fine ounce)				
Close	$394¼-395	(£262¾-263¼)	$399-399½	(£260-260½)
Opening	$401¼-402	(£266¾-267¼)	$399¾-400¼	(£267.4-267.8)
Morning fixing	$400.60	(£266.644)	$400.75	(£267.846)
After noon fixing	$395	(£262.685)	$398.70	(£266.402)

Gold Coins Oct. 17					
Krugrnd	$406¾-407¼	(£270¾-271¼)	King Sov	$95-96½	(£63¼-64¼)
½ Krg	$209¼-210¼	(£139½-140)	Victoria Sov	$95-96½	(£63¼-64¼)
¼ Krg	$107-107¾	(£71¼-71¾)	French 20s	$90¾-92½	(£60¾-61)
1/10 Krug	$40½-44¼	(£26-60½)	50 pesos Mex	$479-481	(£310-320¼)
Mapleleaf	$406¾-407¼	(£270¾-271¼)	100 Cor. Aust	$385-389	(£256½-259)
New Sov	$95-93½	(£62-62½)	$20 Eagles	$590-595	(£390-396¼)
½ New Sov	$55½-56¼	(£37-37½)			

EUROPEAN MARKETS

ROTTERDAM, October 17.

Wheat—(U.S. $ per tonne): U.S. Two Red Winter Oct 160.50, Nov 162.90, Dec 164, Jan 166, Feb 167.50, March 170. U.S. Northern Spring 14 per cent protein Oct 187, Nov 187.50, Dec 189.50, Jan 194, Feb 197, March 197. U.S. Three Amber Durum Oct 10/Nov 10 200, Nov 200, Dec 202, April/May 210. Canadian Western Spring Oct 20/Nov 206, mid-Nov/mid-Dec 208.

Maize—(U.S. $ per tonne): U.S. Three Yellow afloat 164, Oct 163, Nov 162.50, Dec 163, Jan/March 163, April/June 163.50 sellers. Argentine Oct 172 mid-Oct/mid-Nov 172 sellers.

Soyabeans—(U.S. $ per tonne): U.S. Two Yellow gulfports Oct 344.90, Nov 344.90, Dec 349.60, Jan 354.50, Feb 359.60, March 360.60, April 361.40, May 361.40, Nov 281, Dec 286, Jan 293 sellers. Argentine Oct 344.50 sellers.

Soyameal—(U.S. $ per tonne): 44 per cent afloat 278, Oct 276, Nov 279, Dec 281, Nov/March 285 sellers. Pellets Brazil afloat 295, Oct 298, Nov 304, Dec 306 sellers. Pellets Argentine Oct 289, Nov 288.50, Dec 294, Jan 299 sellers.

BRITISH COMMODITY MARKETS

BASE METALS

BASE-METAL PRICES were mixed on the London Metal Exchange. All the metals moved ahead at the outset but subsequently encountered persistent selling pressure as gold and silver fell sharply in the afternoon. Copper touched £999 but reacted to close at £988, owing to mainly American selling, while Aluminium dipped to £1,087, Nickel to £3,232.5 and Lead to £290, the last-named despite the sizeable stocks decline. Zinc closed marginally firmer around £585, after touching £593 following news of a fire at Mitsui's smelter in Japan. Buffer stock support left forward standard Tin at £8,630 and high grade at £8,740.

COPPER

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grde	£	£	£	£
Cash	973-.6	+1	964-.5	—8.5
3 months	997-.5	+3.5	988-.5	—7.5
Settlem't	973.5	+1	—	—
Cathodes				
Cash	951-2	+8	938-9	—7.5
3 months	974.5-5	+5.25	963-4	—7
Settlem't	906	+6	—	—
U.S. pro'd	—	—	*71.5-0	......

Amalgamated Metal Trading reported that in the morning cash Higher Grade traded at £973, three months £995, 94, 94.50, 95, 96, 96.50, 97, 97.50, 97. Cathodes: Cash £950, three month's £973.50, 74. Kerbs: Higher Grade: Three months £988, 87.50, 86, 98. Afternoon: Higher Grade: Three months £990, 89.50, 89.50, 89, 89.50, 89, 88.50, 88. Cathodes: Cash three months £963. Kerbs: Higher Grade: Three months £988, 88.50, 88. Turnover 22,500 tonnes.

TIN

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grade	£	£	£	£
Cash	8720-30	+75	8740-0	+10
3 months	8725-30	+82.5	8740-5	+11.5
Settlem't	8730	+75	—	......
Standard				
Cash	8625-30	+12.5	8645-50	—17.5
3 months	8610-20	+8.5	8630-40	—25
Settlem't	8635	+15	—	......
Straits E.	$830.15	+0.15	—	......
New York				

Tin—Morning: Standard: Three months £8,645, 50, 45, 40, 45, 20. High Grade: Three months £8,750, 25, 28. Kerbs: Standard: Three months £8,630, 35, 40, 50. High Grade: Three months £8,740. Afternoon: Standard: Three months £8,650, 45, 40. High Grade: Three months £8,740. Kerbs: Standard: Three months £8,630. Turnover 1,905 tonnes.

LEAD

[illegible]

ZINC

[illegible]

ALUMINIUM

[illegible]

NICKEL

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —†
Spot	3170-80	—2.5	3163-8	—22
3 months	3245-50	—1.5	3236-8	—27

* Cents per pound. ‡ M$ per kilo. † On the previous unofficial close.

Nickel—Morning: Three months £3,250, 45. Kerbs: Three months £3,245. Afternoon: Three months £3,235, 40, 38, 35, 40. Kerbs: Three months £3,235. Turnover, 996 tonnes.

SILVER

Silver was fixed 6.05p an oz lower for spot delivery in the London bullion market yesterday at 691.95p. U.S. equivalents of the fixing levels were: spot $10.4, down 3.2c; three-month $10.64, down 3.2c; six-month $10.902, down 2.9c; and 12-month $11.422, down 2c. The metal opened at 697-699p ($10.49-10.53) and closed at 670-672p ($10.06-10.10).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	691.95p	—6.05	670.25p	—20.7
3 months	707.45p	—5.65	686.05p	—20.2
6 months	724.35p	—5.60	—	......
12 months	757.35p	—4.80	—	......

LME—Turnover 75 (56) lots 10,000 ozs. Morning: Three months 707.5, 08.0, 06.8. Kerb: three months 708.5. Afternoon: three months 687.0, 87.5, 88.0, 86.0. Kerb: three months 687.0.

COCOA

During a lightly traded morning session futures eased £10. A more active afternoon saw renewed selling and closing levels were at the recent lows, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
	£ per tonne		
Dec	1416-17	—31.0	1438-10
March	1438-39	—30.0	1441-22
May	1440-41	—16.5	1465-36
July	1466-57	—15.0	1472-55
Sept	1467-68	—17.0	1483-67
Dec	1477-88	—10.0	1465-65
March	1488-08	—12.5	1500

Sales: 3,081 (3,396) lots of 10 tonnes.

ICCO—Indicator prices (U.S. cents per pound). Daily price for Oct 17: 94.11 (95.37); five-day average for Oct 18: 95.52 (95.92).

COFFEE

During a quiet morning commission house buying triggered a sharp advance in moderate volume, reports Drexel Burnham Lambert. A breakthrough above recent resistance points established fresh contract highs in most positions before dealer profit-taking and trade selling influenced a minor [illegible]

GRAINS

[illegible]

BARLEY

[illegible]

...rallying strongly on rumours of export trade with mixed buying. Barley improved on light trade. Reports Mairpace.

POTATOES

Prices fell gradually through the morning and after finding support at £224 basis April firmed a little in the afternoon to close about steady, reports Coley and Harper.

Month	Yest'day's close	Previous close	Business Done
	£ per tonne		
Nov.	156.80	107.00	157.00-53.00
Feb.	189.30	187.50	188.00-86.00
April	220.20	236.50	235.50-24.00
May	230.30	237.50	237.50-29.00
Nov	81.60	82.00	—

Sales: 1,112 (594) lots of 40 tonnes.

RUBBER

The physical market opened easier, attracted no interest throughout the day and closed idle, reported Lewis and Peat. The Kuala Lumpur November fob price for RSS No. 1 was 258.5 (261.0) cents a kg for SMR20 213.5 (215.5).

No. 1 R.S.S.	Yest'day's close	Previous close	Business Done
	£ per tonne		
Nov	780-790	790-800	—
Dec	785-790	790-810	—
Jan-Mch	794-790	804-805	790
Apl-Jne	814-816	821-822	814-810
Jly-Sept	828-830	835-837	—
Oct-Dec	842-849	849-853	—
Jan-Mch	858-867	866-869	—
Apl-Jne	875-882	882-885	—
Jly-Sept	891-900	896-902	—

Sales: 6 (120) lots of 15 tonnes, nil (2) lots of 5 tonnes.

Physical closing prices (buyers) were: Spot 77.75p (79.00p); Nov 78.75p (79.50p); Dec 79.00p (80.00p).

SOYABEAN MEAL

The market opened £1.00 up in dull trading, reports T. G. Roddick. Prices failed to hold gains in mixed selling.

Sales: 78 (124) lots of 100 tonnes.

	Yesterday's close	+ or —	Business Done
	£ per tonne		
October	—	—	—
Dec.	191.00-91.40	—0.70	192.00-95.50
Feb.	187.70-98.40	+0.85	198.00-96.50
April	198.00-98.80	+0.85	—
June	198.00-99.20	—0.40	196.00
August	180.00-98.50	—1.50	—
October	184.60-84.50	—5.90	186.00-85.60

SUGAR

LONDON DAILY PRICE—Raw sugar £163.00 (£162.00) a tonne for Oct-Nov-Dec shipment. White sugar £177.00 (£175.00).

[illegible]

TEA AUCTIONS

[illegible]

COTTON

[illegible]

WOOL FUTURES

[illegible]

...Australian cents per kg. Oct 554.0, 556.0, 561.0-556.0; Dec 564.0, 566.0, 564.5-564.0; March 583.0, 584.0, 586.0-584.0; May 593.0, 589.0, 598.0-596.0; July 605.0, 606.0, 612.0-606.0; Oct 600.0, 603.0, 608.0-603.0; Dec 610.0, 612.0, 612.0-610.0; March 620.0, 622.0, 622.0. Sales: 176.

LONDON NEW ZEALAND CROSSBREDS—Close (in order: buyer, seller, business). New Zealand cents per kg. Oct. 412, buyer only, nil; Dec. 418, 422, 417; Jan. 417, 420, 416; March 421, 423, 420-419; May 428, 430, 428-427; Aug. 440, 442, 441-440; Oct. 441, 445, 442; Dec. 446, 450, 446; Jan. 448, 454, nil; March 458, 462, nil. Sales: 43.

INDICES

FINANCIAL TIMES

Oct. 14	Oct. 13	M'th ago	Y'ar ago
280.10	288.54	287.16	231.42

(Base: July 1 1952=100)

REUTERS

Oct. 17	Oct. 14	M'th ago	Y'ar ago
1902.0	1600.8	1876.8	1016.8

(Base: September 18 1931=100)

MOODY'S

Oct. 14	Oct. 12	M'th ago	Yearago
1041.1	1041.3	1081.4	981.8

(Base: December 31 1974=100)

DOW JONES

Dow Jones	Oct. 14	Oct. 10	Month ago	Year ago
Spot	—	140.81	145.54	127.1
Fut's	—	146.28	151.08	135.45

(December 31 1931=100)

MEAT/FISH

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 95.58p per kg lw (—0.17). GB—Sheep 134.67p per kg est dcw (+4.21). GB—Pigs 76.85p per kg lw (—0.72).

SMITHFIELD—Pence per pound. Beef: Scotch killed sides 82.0 to 87.0; Ulster hindquarters 86.5 to 95.0; Eire hindquarters 93.0 to 95.0, forequarters 59.0 to 62.0. Veal: Dutch hinds and ends 142.0 to 145.0. Lamb: English small 62.0 to 67.0, medium 63.0 to 65.0, heavy 62.5 to 64.0; Imported: New Zealand PL 60.0 to 61.0, PX 56.0 to 57.5. Pork: English under 100 lb 52.0 to 57.0, 100-120 lb 49.0 to 52.0, 120-160 lb 44.5 to 49.5.

GRIMSBY FISH — Supply poor, demand good. Prices at ship's side (unprocessed) per stone: shelf cod £6.00-8.00, codlings £5.00-6.00; large haddock £5.00, medium £4.00-4.80, small £3.00-4.00; medium plaice £5.00-6.80, small £5.30-5.70; skinned dogfish (large) £14.00, (medium) £9.00; lemon soles (large) £15.00, (small) £12.60; rockfish £2.80-3.90.

[illegible]

AMERICAN MARKETS

NEW YORK, October 17.

Precious metals came under heavy pressure after a weaker opening and spent the rest of the day working their way higher on local and professional buying, both sold and traded slightly lower going into the close. Copper prices [illegible] but both financial and [illegible] their [illegible] higher [illegible] the trade was [illegible] Coffee prices closed higher although local and commission house selling hacked off prices sharply from their best levels. Cocoa prices declined moderately as reports of favourable growing conditions in Brazil attracted general selling. Sugar prices also declined slightly in a very inactive and featureless trading day. Cotton [illegible]

NEW YORK

[illegible]

CHICAGO

[illegible]

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Partial dollar recovery, but yen weak

The dollar rose steadily yesterday afternoon, to finish around its highest level of the day, but still weaker than Friday's close. The U.S. currency opened on a weak note following the unexpected fall of $1.1bn in U.S. M1 money supply, and signs of easier credit conditions in New York as Federal funds finished at 9 per cent on Friday, the lowest level of the week. Treasury bonds opened weaker than expected however, and after a firmer start prices on the Chicago futures market also declined, pushing the dollar up on the foreign exchanges.

Recent comments by various U.S. officials and economists, such as Dr Henry Kaufman of Salomon Brothers, helped to underpin the dollar, which was also supported by tension in the Middle East and Korea.

Sterling weakened against Continental currencies on lack of further news from the Gulf about the war between Iran and Iraq, but did not appear to suffer from the Government's recent problems.

The Japanese yen lost ground to the dollar, sterling and Continental currencies following indications that the Bank of Japan discount rate may be cut by ½ per cent to 5 per cent later this week.

The Hong Kong dollar was weak and nervous after the recent revaluation, but above its worst level against the U.S. dollar.

DOLLAR—Trade-weighted index (Bank of England) 125.9 against 122.5 six months ago. The dollar has retreated from the peaks touched in August, amid hopes that a sustained fall was imminent, following better money supply figures and a slight easing in interest rates. A large U.S. budget deficit is likely to restrain the fall in interest rates and the dollar, but downward pressure on the currency will continue due to the substantial trade deficit.

The dollar fell to DM 2.6030 from DM 2.6185 against the Deutschemark; FFr 7.9550 from FFr 7.9975 against the French franc; and SwFr 2.11 from SwFr 2.1210 in terms of the Swiss franc, but improved to Y233 from Y232.80 against the Japanese yen.

STERLING — Trading range against the dollar in 1983 is 1.6245 to 1.4540. September average 1.4991. Trade-weighted index 83.6 against 83.6 at noon, 83.5 at the opening, 83.6 at the previous close, and 82.8 six months ago. The pound has tended to weaken recently with a decline against Continental currencies probably welcomed, and not preventing a long awaited half point cut in London clearing bank base rates.

The pound opened at $1.5010-$1.5020, and touched an early peak of $1.5050-1.5060. It fell to a low of $1.4985-1.4995 on the opening of U.S. markets and closed at $1.5010-1.5020, a rise of 15 points on the day.

Sterling fell to DM 3.91 from DM 3.93; FFr 11.9425 from FFr 11.9850; and SwFr 3.1725 from SwFr 3.1850, but rose to Y350 from Y349.50.

D-MARK — Trading range against the dollar in 1983 is 2.7315 to 2.3320. September average 2.6683. Trade weighted index 127.2 against 130.3 six months ago.

The dollar was fixed sharply lower at yesterday's fixing in Frankfurt at DM 2.5967 from DM 2.6283 without any intervention by the Bundesbank. The lower trend reflected an unexpected fall in U.S. M1 money supply on Friday. Sterling slipped to DM 3.9050 from DM 3.9200 while the Swiss franc was marginally firmer at DM 1.2352 from DM 1.2334.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU October 17	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.9008	45.8985	+2.22	+1.77	±1.5447
Danish Krone	8.14104	8.15896	+0.22	−0.23	±1.6425
German D-Mark	2.24184	2.25456	+0.57	+0.12	±1.0642
French Franc	6.87456	6.89302	+0.27	−0.18	±1.4052
Dutch Guilder	2.52595	2.52624	+0.01	−0.44	±1.4964
Irish Punt	0.72569	0.72752	+0.22	−0.23	±1.6699
Italian Lira	1403.49	1370.32	−2.36	−2.36	±4.1505

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

OTHER CURRENCIES

Oct. 17	£	$		£ Note Rates
Argentina Peso	21.42-21.62	14.302-14.322	Austria	27.55-27.85
Australia Dollar	1.6355-1.6375	1.0900-1.0905	Belgium	80.40-81.20
Brazil Cruzeiro	1,167.5-1,172.5	776.0-780.0	Denmark	14.08-14.28
Finland Markka	8.4450-8.4640	5.6605-5.6575	France	11.88-12.00
Greek Drachma	138.85-139.45	92.50-92.90	Germany	3.88½-3.92½
Hong Kong Dollar	11.89½-11.99½	7.92-8.00	Italy	2355-2390
Iran Rial	129.70*	86.90*	Japan	348-365
Kuwait Dinar (KD)	0.43545-0.43580	0.28965-0.28980	Netherlands	4.36¼-4.39¼
Luxembourg Fr.	79.60-79.70	53.04-53.06	Norway	10.92-11.02
Malaysia Dollar	3.5190-3.5250	2.3430-2.3450	Portugal	182-205
New Zealand Dlr.	2.2580-2.2630	1.5065-1.5075	Spain	010¼-234¼
Saudi Arab. Riyal	5.2285-5.2615	3.4799-3.4802	Sweden	11.65-11.75
Singapore Dollar	3.2030-3.2090	2.1305-2.1345	Switzerland	3.14¼-3.17¾
Sth. African Rand	1.6785-1.6805	1.1180-1.1190	United States	1.49¼-1.51¼
U.A.E. Dirham	5.5170-5.5210	3.6720-3.6730	Yugoslavia	194-206

* Selling rates.

October 14: The rate for the Australian $ against the pound should have read 1.6450-1.6470. The rate for the Cruzeiro against the pound should have read 1,161.5-1,168.5.

CURRENCY RATES

Oct. 17	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.707506	0.577188
U.S. $	8½	1.06524	0.867875
Canadian $	9.48	*	1.06882
Austria Sch	3¾	19.4201	15.8492
Belgian F	0	56.1170	45.8985
Danish Kr.	7½	10.0019	8.15896
D mark	4	2.76090	2.25456
Guilder	5	3.09190	2.52624
French F	9½	8.45561	6.89506
Lira	17	1676.05	1370.50
Yen	5½	246.619	201.781
Norwgn Kr.	8	7.76818	6.36708
Spanish Pta	—	180.496	151.889
Swedish Kr	8½	8.26882	6.75087
Swiss Fr	4	2.23578	1.82865
Greek Dr'ch	20½	86.8388	80.4526

* C$/SDR rates for Oct 14: 1.30806.

CURRENCY MOVEMENTS

Oct. 17	Bank of England Index	Morgan Guaranty Changes %
Sterling	83.6	−7.6
U.S. dollar	125.9	+14.8
Canadian dollar	91.9	+1.0
Austrian schilling	117.7	+3.9
Belgian franc	90.8	−11.2
Danish kroner	80.5	−4.8
Deutsche mark	127.2	+8.0
Swiss franc	162.6	+13.2
Guilder	116.7	+5.1
French franc	67.5	−14.7
Lira	49.8	−11.2
Yen	153.2	+10.7

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

THE POUND SPOT AND FORWARD

Oct 17	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.4985-1.5060	1.5010-1.5020	0.02-0.07c dis	−0.36	0.09-0.14dis	−0.31
Canada	1.8460-1.8520	1.8490-1.8500	0.02-0.08c dis	−0.32	par-0.10dis	−0.11
Nethlnd.	4.36-4.39	4.38-4.39	1½-1c pm	3.42	3¾-3½ pm	3.89
Belgium	79.15-79.70	79.60-79.70	8c pm-2c dis	0.45	5 pm-5 dis	—
Denmark	14.09-14.15	14.13-14.14	2.65-3.70ore dis	−2.70	7.10-8.25dis	−2.17
Ireland	1.2540-1.2620	1.2590-1.2600	0.27-0.35p dis	−2.95	0.85-1.00dis	−2.94
W. Ger.	3.89-3.92	3.90½-3.91½	1½-1pf pm	3.84	3¾-3½ pm	3.45
Portugal	186.00-187.25	186.25-186.75	225-490c dis	−23.00	760-1370dis	−22.84
Spain	150.85-151.25	150.95-151.05	280-350c dis	−19.88	800-985dis	−15.57
Italy	2,365-2,377	2,374-2,376	15½-17½lire dis	−8.21	48½-52½ dis	−8.59
Norway	10.94-10.99	10.97-10.98	4.35-5.00ore dis	−5.11	10.85-11.65d	−4.10
France	11.90½-11.95½	11.93¾-11.94¾	3½-4½c dis	−3.77	15-17 dis	−5.36
Sweden	11.66½-11.70½	11.69-11.70	3.05-3.60ore dis	−3.41	7.70-8.35dis	−2.74
Japan	348-351	349½-350½	0.95-0.75y pm	2.91	2.50-2.30 pm	2.74
Austria	27.37-27.57	27.45-27.50	8¾-6¾gro pm	3.30	23½-19¾ pm	3.08
Switz.	3.14½-3.18	3.16¾-3.17¾	1⅞-1¾c pm	6.15	4⅞-3⅞ pm	5.20

Belgian rate is for convertible francs. Financial franc 80.90-81.00.
Six-month forward dollar 0.18-0.23c dis. 12-month 0.47-0.57c dis.

THE DOLLAR SPOT AND FORWARD

Oct 17	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.4985-1.5060	1.5010-1.5020	0.02-0.07c dis	−0.36	0.09-0.14dis	−0.31
Ireland†	1.1905-1.1980	1.1925-1.1935	0.31-0.26c pm	2.87	0.84-0.77 pm	2.70
Canada	1.2305-1.2320	1.2310-1.2315	0.04-0.01c pm	0.24	0.10-0.07 pm	0.28
Nethlnd.	2.9080-2.9190	2.9170-2.9190	0.97-0.87c pm	3.79	2.57-2.47 pm	3.46
Belgium	52.80-53.06	53.04-53.06	4½-3c pm	0.86	4½-1 pm	0.21
Denmark	9.3965-9.4175	9.4125-9.4175	0.40-0.90ore dis	−0.83	2.80-3.30dis	−1.30
W. Ger.	2.5820-2.6045	2.6025-2.6035	0.96-0.91pf pm	4.32	2.50-2.45 pm	3.81
Portugal	124.00-124.90	124.10-124.40	150-320c dis	−22.70	500-900dis	−22.54
Spain	150.80-151.25	150.95-151.05	190-220c dis	−16.29	525-625dis	−15.23
Italy	1,577-1,583	1,581¼-1,582¼	10¼-11½lire dis	−8.44	32½-33½dis	−8.36
Norway	7.2830-7.3150	7.3100-7.3150	2.40-2.70ore dis	−4.19	6.30-6.60dis	−3.53
France	7.9300-7.9625	7.9525-7.9575	2.20-2.40c dis	−3.47	9.70-10.10dis	−4.98
Sweden	7.7760-7.7970	7.7920-7.7970	1.50-1.70ore dis	−2.47	4.15-4.35dis	−2.18
Japan	231.85-233.10	232.95-233.05	0.64-0.59y pm	3.17	1.84-1.79 pm	3.12
Austria	18.24-18.31	18.30-18.31	5.20-5.60gro pm	3.87	15¼-13¾ pm	3.23
Switz.	2.0965-2.1120	2.1095-2.1105	1.18-1.13c pm	6.58	2.92-2.87 pm	5.50

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.
Belgian rate is for convertible francs. Financial franc 53.87-53.92.

EXCHANGE CROSS RATES

Oct. 14	Pound St'rling	U.S. Dollar	Deutschem'k	Japanese Yen	French Franc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.508	3.810	350.0	11.943	3.173	4.365	2375.	1.850	79.66
U.S. Dollar	0.666	1.	2.604	233.1	7.954	2.113	2.920	1582.	1.232	53.05
Deutschemark	0.268	0.384	1.	89.61	3.054	0.811	1.121	607.4	0.473	20.37
Japanese Yen 1,000	2.857	4.290	11.17	1000.	34.12	9.064	12.53	6786.	5.284	227.6
French Franc 10	0.837	1.257	3.274	293.1	10.	2.656	3.672	1989.	1.549	66.69
Swiss Franc	0.316	0.475	1.232	110.3	3.764	1.	1.382	748.6	0.585	25.11
Dutch Guilder	0.229	0.342	0.892	79.88	2.725	0.723	1.	541.6	0.422	18.16
Italian Lira 1,000	0.421	0.632	1.646	147.4	5.028	1.335	1.846	1000.	0.779	33.54
Canadian Dollar	0.541	0.812	2.114	189.2	6.457	1.715	2.371	1284.	1.	43.07
Belgian Franc 100	1.256	1.886	4.909	439.4	14.99	3.983	5.505	2982.	2.322	100

FINANCIAL FUTURES

Mixed trend

Prices were mostly firmer from Friday's levels in the London International Financial Futures Exchange yesterday but finished well below the day's highs after a weaker trend in early U.S. trading. Early business in London saw values marked higher in response to an unexpected fall in U.S. M1 money supply on Friday. However prices in Chicago soon retreated from early levels with dealers noting a higher than expected Federal funds rate of 9½ per cent. Intervention by the Fed later in the day to add reserves had no immediate effect.

The December gilt price opened at 106-00 up from 105-18 and rose to a high of 106-16 before selling in the U.S. bond market saw values retreat to finish at 106-02.

Euro-dollar prices were marked firmer, reflecting a softer trend in the cash market. However there was little fluctuation from opening levels with the December price confined to a seven point spread. Euro-dollars for December delivery opened at 90.38 up from 90.20 on Friday and traded in a range of 90.34-90.41 before finishing at 90.37.

Three-month sterling deposit futures were a little neglected with 388 lots traded in total. There was little incentive gained from a virtually static market with the December price opening at 90.65 and trading within a four point spread before finishing at 90.64 compared with Friday's close of 90.60.

In the currency sector sterling recorded modest gains, closing at 1.5029 for December delivery compared with Friday's close of 1.4989.

LONDON

THREE-MONTH EURODOLLAR $1m points of 100%

	Close	High	Low	Prev
Dec	90.37	90.41	90.34	90.20
March	90.04	90.09	90.03	89.89
June	89.77	89.82	89.77	89.64
Sept	89.55	—	—	89.36
Dec	89.33	—	—	89.16

Volume 2,278 (1,846)
Previous day's open int 7,309 (7,402)

THREE-MONTH STERLING DEPOSIT £250,000 points of 100%

	Close	High	Low	Prev
Dec	90.64	90.67	90.63	90.60
March	90.35	90.37	90.35	90.31
June	90.10	—	—	90.05
Sept	89.84	—	—	89.79
Dec	89.63	—	—	89.58

Volume 388 (356)
Previous day's open int 5,325 (5,236)

20-YEAR 12% NOTIONAL GILT £50,000 32nds of 100%

	Close	High	Low	Prev
Dec	106-02	106-16	105-30	105-19
March	105-20	—	—	105-04
June	105-06	—	—	104-22
Sept	104-28	—	—	104-08
Dec	104-14	—	—	103-26

Volume 3,226 (2,068)
Previous day's open int 3,830 (3,778)
Basis quote (clean cash price of 13¾% Treasury 2003 less equivalent price of near futures contract) 14 to 24 (32nds).

STERLING £25,000 $ per £

	Close	High	Low	Prev
Dec	1.5029	1.5060	1.5010	1.4989
March	1.5039	1.5042	1.5039	1.5006
June	1.5054	—	—	1.5020

Volume 448 (267)
Previous day's open int 1,355 (1,388)

DEUTSCHE MARKS DM125,000 $ per DM

	Close	High	Low	Prev
Dec	0.3872	0.3879	0.3871	0.3846
March	0.3906	—	—	0.3879
June	0.3938	—	—	0.3912

Volume 76 (96)
Previous day's open int 742 (768)

SWISS FRANCS SwFr 125,000 $ per SwFr

	Close	High	Low	Prev
Dec	0.4788	0.4810	0.4788	0.4763
March	0.4861	—	—	0.4823
June	0.4923	—	—	0.4885

Volume 26 (15)
Previous day's open int 106 (104)

JAPANESE YEN Y12.5m $ per Y100

	Close	High	Low	Prev
Dec	0.4323	0.4329	0.4321	0.4319
March	0.4356	—	—	0.4352
June	0.4391	—	—	0.4387

Volume 76 (90)
Previous day's open int 148 (127)

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
Dec	71-26	72-03	71-23	71-19
March	71-08	71-13	71-05	71-10
June	70-25	71-01	70-22	70-17
Sept	70-13	70-15	70-10	70-04
Dec	70-02	70-06	69-30	69-26
March	—	—	—	69-17
June	—	—	—	69-10
Sept	—	—	—	69-04

U.S. TREASURY BILLS (IMM) $1m points of 100%

	Latest	High	Low	Prev
Dec	91.08	91.12	91.06	91.00
March	90.74	90.78	90.72	90.66
June	—	90.55	90.48	90.43
Sept	—	90.32	90.27	90.22
Dec	—	90.11	90.06	90.02
March	89.89	89.93	89.89	89.84
June	89.71	89.75	89.71	89.64
Sept	89.58	89.58	—	89.50

CERT. DEPOSIT (IMM) $1m points of 100%

	Latest	High	Low	Prev
Dec	90.49	90.54	90.47	90.38
March	90.09	90.13	90.07	89.98
June	—	89.82	89.79	89.70
Sept	89.52	89.58	89.51	89.45
Dec	—	—	—	—
March	—	—	—	—

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

	Latest	High	Low	Prev
Dec	90.09	90.12	90.05	89.99
March	89.74	89.79	89.73	89.64
June	—	89.51	89.45	89.38
Sept	—	89.27	89.20	89.15
Dec	—	89.04	89.04	88.94
March	88.80	88.80	—	88.73

STERLING (IMM) $ per £

	Latest	High	Low	Prev
Dec	1.5025	1.5050	1.5020	1.5035
March	1.5040	1.5065	1.5030	1.5060
June	1.5070	1.5090	1.5070	1.5070
Sept	1.5100	1.5100	—	1.5080

GNMA (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
Dec	68-22	69-01	68-22	68-21
March	67-26	68-00	67-25	67-23
June	67-03	67-07	67-03	66-31
Sept	66-17	66-18	66-17	66-13
Dec	—	66-01	66-00	65-13
March	—	—	—	—
June	—	—	—	65-09
Sept	—	—	—	65-01
Dec	—	—	—	—
March	—	—	—	—
June	—	—	—	—
Sept	—	—	—	—

CONTRACTS AND TENDERS

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MONEY MARKETS

London rates steady

UK clearing bank base lending rate 9 per cent (since October 4 and 5)

Interest rates showed little change in quiet London money market trading, while in New York Federal funds traded around 9½ per cent after the Federal Reserve added $1bn to the banking system through customer repurchase agreements. On Friday Fed funds finished at 9 per cent after a $700m customer repurchase agreement, and on indications that technical factors were leading to easier credit conditions.

The Bank of England forecast a money market shortage of £300m. Bills maturing in official hands, repayment of late assistance, and a take-up of Treasury bills from Friday's tender drained £302m, while Exchequer transactions absorbed another £245m, despite payment of £306m to local authorities in housing benefit subsidy. These factors were partly offset by a fall in the note circulation adding £258m to liquidity.

Total help provided by the authorities was £271m. Before lunch the Bank of England bought £255m bills by way of £3m bank bills in band 1 (up to 14 days maturity) at 9 1/16 per cent; £32m bank bills in band 2 (15-33 days) at 9 per cent; £74m bank bills in band 3 (34-63 days) at 8 15/16 per cent; and £146m bank bills in band 4 (64-91 days) at 8⅞ per cent.

In the afternoon another £16m bills were purchased, through £4m bank bills in band 2 at 9 per cent, and £12m bank bills in band 4 at 8⅞ per cent.

In Frankfurt call money remained steady at 5.525 per cent. German interest rates are not expected to fall during the rest of the year because of problems over excess money supply growth. The Bundesbank announced that seasonally adjusted money supply grew at an annual rate of 8 per cent in September by DM 800m to DM 185.2bn. The September increase was described by the central bank as similar in scope to August, although the previous report gave August growth as about 8½ per cent. The present target is 4 per cent to 7 per cent, but recent pressure on money supply was a factor in the rise to 5½ per cent from 5 per cent in the Bundesbank Lombard rate on September 8.

LONDON MONEY RATES

Oct. 17 1983	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	5-9⅛	9⅛	—	—	7-9¼	5-9	—	—	—
2 days notice	—	—	9-9⅛	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	9¼-9⅜	—	—	—	—
7 days notice	—	8⅞-9¼	9-9⅛	—	—	—	9	—	—	—
One month	9 1/16-9 1/16	9 1/16-9 3/16	9⅛	9⅞-9⅛	9 3/16	8¾-9⅛	9	9 1/16-9 1/16	9 1/16	9 3/16
Two months	9 1/16-9¼	9¼-9⅜	9¼-9⅜	9¼-9⅜	9¼	9⅝	8⅞-9	8 15/16-9 1/32	8 15/16	9 3/16
Three months	9 3/16-9¼	9 3/16-9 5/16	9 3/16-9⅜	9⅜-9¼	9 5/16	9⅝	8¾-9	8⅞-8 29/32	8 29/32	9 5/16
Six months	9 5/16-9¼	9 5/16-9½	9⅛	9⅛-9⅛	9⅝	—	—	—	8 13/16-8 11/16	9 5/16
Nine months	9 7/16-9⅝	9⅝-9¾	9⅝	10⅛-9¾	9¾	—	—	—	—	—
One year	9⅝-9 13/16	9¾-9⅞	9¾-9⅞	10-9⅝	9⅞	—	—	—	—	—
Two years	—	—	10⅜-10⅝	—	—	—	—	—	—	—

ECGD Fixed Rate Export Scheme IV. Average Rate for interest period September 7 to October 4, 1983 (inclusive) 9.719 per cent.

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates nominally three years 10⅞ per cent; four years 11-11¼ per cent; five years 11½-11¾ per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rates for four months' bank bills 8 29/32 per cent; four months trade bills 9 11/32 per cent.

Approximate selling rate for one-month Treasury bills 9 per cent; two months 8⅞-8 29/32 per cent and three months 8 29/32-8⅞ per cent. Approximate selling rate for one-month bank bills 9 per cent; two months 8 29/32 per cent; and three months 8⅞ per cent; trade bills 9 11/32 per cent; two months 9 11/32 per cent and three months 9 5/32 per cent.

Finance House Base Rate (published by the Finance Houses Association): 10 per cent from October 1, 1983. London and Scottish Clearing Bank Rates for lending: 9 per cent. London Deposit Rates for sums at seven days' notice: 5½ per cent.

Treasury Bills: Average tender rates of discount 8.8582 per cent. Certificates of Tax Deposit (Series 6). Deposits of £100,000 and over held under one month 9½ per cent; one-three months 9¾ per cent; three-six months 9¾ per cent; six-12 months 10 per cent. Under £100,000 9½ per cent from October 6. Deposits held under Series 4-5 10 per cent. The rate for all deposits withdrawn for cash 6 per cent.

INTEREST RATES

EURO-CURRENCY INTEREST RATES
(Market closing rates)

Oct. 17	Short term	7 days notice	Month	Three Months	Six Months	One Year
Sterling	9-9⅛	8 15/16-9 1/16	9⅛-9¼	9 1/16-9 3/16	9 3/16-9 5/16	9 7/16-9 9/16
U.S. Dollar	9⅛-9⅜	9¼-9⅜	9 5/16-9 7/16	9 5/16-9 7/16	9 7/16-9 9/16	9⅞-10⅛
Can. Dollar	8½-9⅛	8¾-9¼	9 1/16-9 3/16	9 1/16-9 3/16	9⅜-9⅝	9⅝-9⅞
D. Guilder	5¾-5⅞	5¾-5⅞	5 7/16-5 9/16	5 13/16-6⅛	6⅛-6¼	6 5/16-6 7/16
S. Franc	1⅝-1⅞	1¾-2	3⅜-3½	4 1/16-4⅛	4¼-4⅜	4⅜-4½
Deutschm'rk	5⅛-5¼	5¼-5⅜	5½-5⅝	5¾-5⅞	5 13/16-5 15/16	6⅛-6¼
Fr'nch Franc	12¼-12⅞	12⅝-12⅞	12⅝-12⅞	14 1/16-14 7/16	15⅞-16⅛	15⅝-16⅝
Italian Lira	15¾-18¾	15½-17	16¾-17⅛	17¾-18¼	18¼-18¾	18⅞-19⅛
Belg. Franc						
Conv	7⅛-8	8-8½	8⅛-9	9¼-9¾	9½-10	10-10½
Fin	7⅝-8	8¼-8¾	8¾-9	9¼-9½	9¾-10	10-10¼
Yen	6 1/16-6 3/16	6 1/16-6 3/16	6⅜-6½	6⅜-6½	6⅜-6½	6½-6⅝
D. Krone	11⅝-11⅞	11⅝-12⅛	10½-11	10⅞-11⅜	10⅞-11⅜	10¾-11¼
Asia $ (Sing.)	9⅜-9½	9⅜-9½	9 5/16-9 7/16	9⅛-9⅝	9⅜-9¾	9⅞-10

FT LONDON INTERBANK FIXING
11.00 a.m. OCTOBER 17)

3 month U.S. dollars		6 month U.S. dollars	
bid 9 1/2	offer 9 5/8	bid 9 5/8	offer 9 3/4

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK

Prime rate	11
Fed funds (lunch-time)	9¼
Treasury bills (13-week)	8.66
Treasury bills (26-week)	8.81

GERMANY

Lombard	5.5
Overnight rate	5.525
One month	5.80
Three months	6.20
Six months	6.20

FRANCE

Intervention rate	12.36
Overnight rate	12.25
One month	12.4375
Three months	12.4375
Six months	12.5625

JAPAN

Discount rate	5.5
Call (unconditional)	6.53125
Bill discount (3-month)	6.84375

SWITZERLAND

Discount rate	4
Overnight rate	1½-2½
One month	3 7/16-3 9/16
Three months	4 5/16-4 7/16

NETHERLANDS

Discount rate	5
Overnight rate	6
One month	5⅞-6
Three months	6 1/16-6 3/16
Six months	6¼-6½

$ CERTIFICATES OF DEPOSIT

One month	9.20-9.30
Three months	9.25-9.35
Six months	9.45-9.55
One year	9.80-9.90

LONG TERM EURO $

Two years	10½-11
Three years	11-11½
Four years	11½-11¾
Five years	11¾-12

SDR LINKED DEPOSITS

One month	8½-8⅞
Three months	8¾-9⅛
Six months	9-9⅜
One year	9¼-9⅝

ECU LINKED DEPOSITS

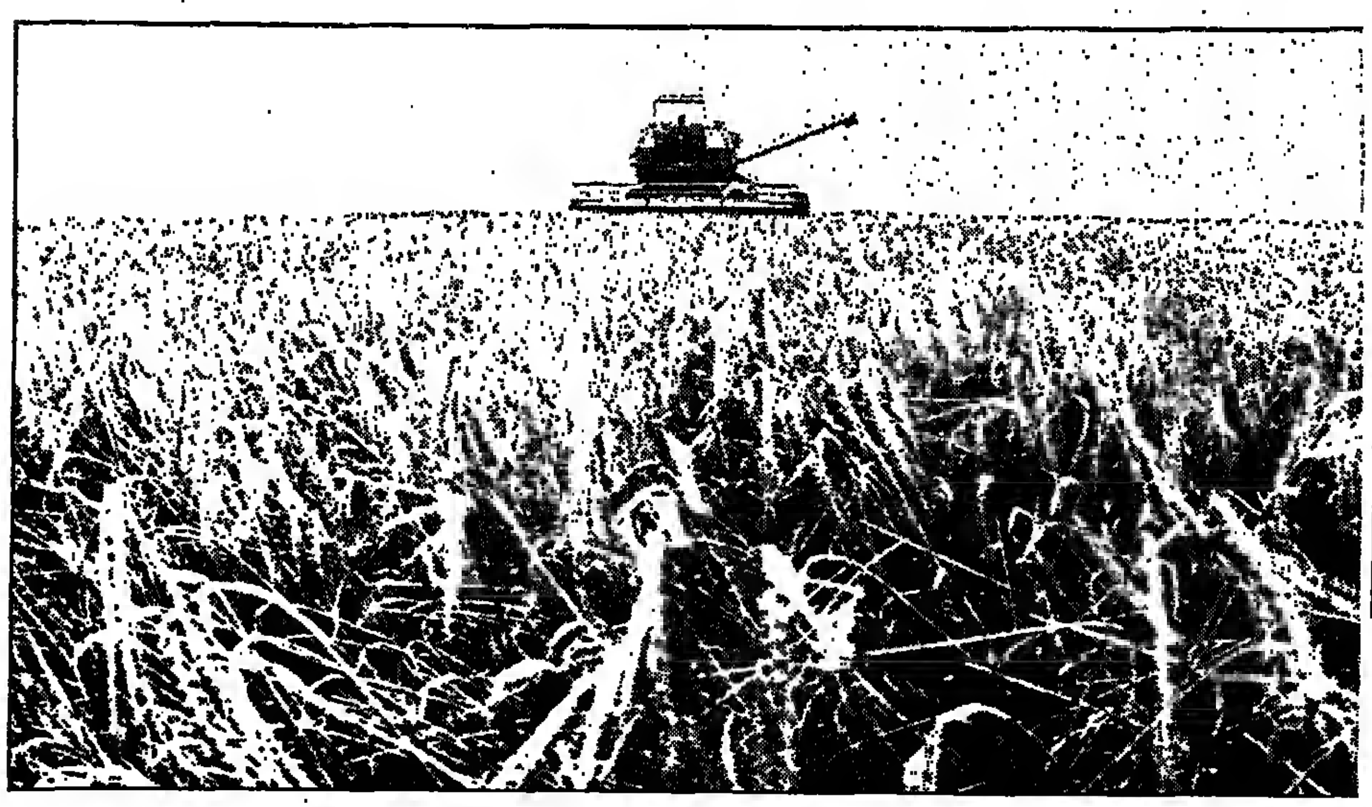
One month	9½-9⅞
Three months	9⅜-9¾
Six months	9 7/16-9 13/16
One year	9 11/16-10 1/16

WORLD VALUE OF THE POUND

The table below gives the latest available rate of exchange for the pound against various currencies on October 17, 1983. In some cases rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling-dollar rates; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rates; (cm) commercial rate; (ch) convertible rate; (fn) financial rate; (exC) exchange certificate rate; (nc) non-commercial rate; (nom) nominal; (o) official rate; (sg) selling rate.

PLACE AND LOCAL UNIT		VALUE OF £ STERLING
Afghanistan	Afghan	99.00
Albania	Lek	10.15
Algeria	Dinar	(A) 7.2770
Andorra	French Franc	11.9425
	Spanish Peseta	226.65
Angola	Kwanza	(CM) 45.4116
Antigua	E. Caribbean $	4.05
Argentina	New Peso	21.52
Australia	Australian $	1.6365
Austria	Schilling	27.476
Azores	Portuguese Escudo	186.60
Greenland	Danish Kroner	14.136
Grenada	E. Caribbean $	4.06
Guadaloupe	Local Franc	11.9466
Guam	U.S. $	1.5105
Guatemala	Quetzal	1.5105
Guinea	Syli	35.00
Guinea Bissau	Peso	62.40
Guyana	Guyanese $	4.5126
Haiti	Gourde	7.5075
Honduras	Lempira	3.02
Hong Kong	H.K. $	11.945
Peru	Sol	(exc) A 3,100.57
Philippines	Philippine Peso	20.73
Pitcairn Islands	£ Sterling	—
	New Zealand $	2.2605
Poland	Zloty	144.17
Portugal	Portuguese Escudo	186.50
Puerto Rico	U.S. $	1.5015
Qatar	Qatari Ryal	5.4726
Reunion Island	French Franc	11.9425
Romania	Leu	(Cm) 6.84
		(N.C.) 20.66



INTERNATIONAL CAPITAL MARKETS

EUROBONDS

Australia issues £100m bulldog

By Mary Ann Sieghart in London

AUSTRALIA has followed up its recent $500m offering in the Eurodollar bond market with a £100m bulldog bond, led by S. G. Warburg.

The bond matures in 2015 and will yield 110 basis points over the 13½ per cent UK Government bond due in 2004-08. Terms will be set tomorrow afternoon and the price is expected to be around 95, reflecting the current demand for discounted bonds. On yesterday's prices, it would have yielded about 11.88 per cent: £25 is payable now and the balance in four months' time. Despite its size, the issue appeared to be well received.

In the dollar sector, only one new issue was launched: a $100m bond for Industrial Bank of Japan, led by IBJ International with Bankers Trust and Morgan Stanley. The eight-year issue has an 11⅞ per cent coupon at a price of 99¾, giving a yield of 11.93 per cent.

Although it involves an interest-rate swap into floating-rate debt, the deal was not thought to be tightly priced and, reflecting the popularity of the borrower, it traded at a 1 per cent discount, well within its selling concession.

The dollar secondary market put in a disappointing performance, considering that Friday's U.S. money-supply figures were better than expected. Turnover was very low and although prices were marked up by ⅜-½ point in the morning, when the New York market opened weaker, they fell back again and closed about ¼ point up on the day.

"Though everybody is quietly bullish, nobody is willing to put their money where their mouth is," said one dealer. "They are making every excuse under the sun not to deal."

In the German market, Finland is raising DM 150m through a seven-year deal, paying 8 per cent at par. Led by Dresdner Bank, the bond was popular with investors, trading at a small discount of about ½ point.

The Province of Quebec became the fourth Canadian province in two months to tap the Swiss franc market yesterday when it launched a SwFr 100m, 10-year public issue through Credit Suisse. The indicated yield is 5⅝ per cent.

Eurofima, the financing company for railway rolling stock, is raising LuxFr 600m through an eight-year, 10 per cent bond priced at par. Kreditbank Luxembourgoise is leading the deal.

Prices were marked up by about ¼ point in the D-Mark market after Friday's U.S. money supply news, but turnover was low. In Switzerland, prices of seasoned bonds closed unchanged in moderate turnover.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which is published monthly. The following are closing prices for October 17.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amax O/S Fin 10¼ 90	100	94⅝	95⅛	+0⅛	-0¾	11.38
Bank of Tokyo 11 90	100	95⅜	96⅜	+0⅛	-0½	11.86
British Col Hyd 10¼ 00	200	97¼	97⅝	+0⅜	-0⅛	10.95
Bristol Fin 11⅞ 90	125	99½	100	-	-	11.93
C.C.C.E. 11¾ 97	100	94⅝	95¼	+0⅜	-0⅜	12.53
C.C.C.E. 12⅝ 95	75	99½	100	+0⅜	-0¼	12.66
Can Imp Bk Com 11 90	75	92¾	93½	0	-0⅜	12.57
Citicorp O/S 10⅜ 90	100	93⅞	93⅝	+0⅜	+0¼	11.86
Citicorp O/S 11¾ 90	100	97⅝	98¼	+0⅜	-0⅜	12.19
Coca Cola Int 9⅞ 92	100	91⅞	92⅜	+0⅜	-0⅜	11.32
Cred Suisse BAH 10½ 00	150†	96⅝	97⅛	-0¼	-0½	11.18
Den Norsk Cred 11¼ 93	50	93¾	94⅛	+0⅜	-0⅜	12.32
Du Pont 11¼ 95	150	99⅜	99⅞	+0½	-0⅛	11.29
E.C.S.C. 11⅞ 90	75	99⅝	100⅛	+0¼	-0⅛	11.88
E.D.C. 11¾ 07	100	100⅝	101⅛	+0½	-0¼	11.45
E.D.F. 11⅛ 93	100	93¼	93¾	+0⅜	-0¼	12.29
E.E.C. 11 87	350	95⅝	95⅛	+0⅛	-0¼	11.35
E.I.B. 10¾ 93	200	92⅞	93⅜	+0⅛	-0⅛	11.87
E.I.B. 11 01	125	95½	96	+0⅛	-0⅜	11.88
E.I.B. 11⅞ 93	150	98½	99	+0⅜	-0⅜	12.08
Electrolux 10½ 00	50	91⅝	92⅛	+0⅛	-0¼	12.33
Esselte Fin 11⅝ 93	100	96½	97	+0⅜	+0½	12.15
Fuji Int Fin 10⅞ 88	100†	94⅜	94⅞	+0½	-0⅛	12.07
Gen Elec Credit 9¾ 91	100	91⅛	92	+0⅛	-0⅜	11.38
GMAC O/S Fin 10½ 90	200	96⅝	97⅛	-0⅛	-0⅜	11.15
GMAC O/S Fin 11⅞ 90	100	97⅞	98⅜	-	-	11.70
Honeywell Int 10¾ 90	100	97¾	98¼	+0⅜	0	11.17
Indust Bk Japan 10⅞ 88	100	97⅜	97⅞	+0⅛	-0¼	11.53
Japan Air Lines 10½ 98	42	92⅞	93⅛	+0⅛	-0⅛	11.91
Japan Air Lines 11 93	75	95⅝	96⅛	+0¼	+0⅜	11.71
J.C. Penny 11⅞ 90	100	99⅛	99⅝	-	-	12.01
J. P. Morgan 11⅞ 00 WW	150	98½	99	+0⅛	0	11.63
Levi Strauss Int 11 90	75	97⅛	97⅝	+0⅜	-0⅛	11.58
L.T.C.B. 10¾ 90	100	94	94½	+0⅛	-0½	12.03
L.T.C.B. 12¼ 90	00	103	103½	0	0	11.78
Merrill Lynch 10⅞ 90	200	95⅛	95⅝	+0⅜	-1	11.84
Mitsubishi Corp 10½ 00	100	94¾	95¼	+0½	-0¼	11.08
Mitsubishi Fin 11⅞ 90	100	96⅝	97⅛	+0⅛	-0¼	12.85
Nippon Credit 11 00	100	95⅛	95⅝	+0⅛	-0⅛	12.02
O.K.B. 10 01	100	91	91½	+0⅜	-0¼	11.79
Ontario Hydro 10⅛ 90	250	94	94½	+0⅜	+0¼	11.51
Ontario Hydro 11¼ 89	200	100⅛	100⅝	+0⅜	0	11.14
Pacific Gas & Elec 12 01	75	101⅝	102⅛	-	-	11.63
Prudential O/S 10⅞ 93	100	95⅞	96⅜	+0⅛	0	11.29
Prudential O/S 12¾ 87	150	103⅞	104⅜	+0⅛	-0¼	11.41
Saskatchewan Pr 10¾ 00	125	96⅛	96⅝	+0⅛	-0⅜	11.52
Sears O/S Fin 11⅛ 93	150	98⅛	98⅝	-	-	11.91
S.N.C.F. 11½ 93	100	96⅞	97⅜	+0¼	-0⅜	12.08
Sth Cal Edison 10½ 00	75	96¾	97¼	+0⅜	-0⅛	11.11
Sumitomo Fin 10⅞ 90	100	94¾	95⅜	+0½	5	11.95
Texaco Capital 9¾ 58	150	93½	94	+0⅛	-0⅜	11.14
U.B.S. 10 88	100	98¾	99¼	+0¼	+0¼	10.25
U.B.S. 11 88	150	101⅞	102⅜	+0⅜	-0⅜	10.50
World Bank 10⅞ 90	150	96⅜	96⅞	+0⅛	-0⅜	11.84
World Bank 11¼ 88	100	99⅜	99⅞	+0½	+0½	11.33
World Bank 11½ 90	150	98⅜	98⅞	+0⅛	-0½	11.78
World Bank 12 93	200	100	100½	+0⅜	-0¼	11.94

Av. price changes: on day +⅜, on week -⅛

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Air Canada 7⅞ 93	100	101⅛	101⅝	+0⅜	+0⅛	7.15
A.N.A.S. 8⅛ 88	100	95	99½	0	0	8.43
Arab Banking Corp 8 90	100	97⅛	97⅝	+0⅛	+0⅛	8.64
Austria, Rep 7⅝ 89	100	99⅝	100⅛	+0⅛	-0⅛	7.61
Austria, Rep 8 93	100	101⅝	102⅛	+0½	+0½	7.89
Avon Int Fin 7½ 93	100	100⅛	100⅝	+0⅛	0	7.43
Beatrice Foods 7¾ 93	130	102⅞	103⅛	+0⅛	+0¼	7.30
B.F.C.E. 8⅛ 90	150	101¼	101⅞	-0⅛	0	7.94
Comp Tel Nac Esp 8¼ 93	100	96⅞	97⅜	+0¼	+0⅜	8.67
Dresdner Finance 4 90 WW	250	105¼	106½	+0½	-0¼	3.02
Dresdner Finance 4 90 XW	250	83⅞	84⅜	+0¼	0	7.82
E.C.S.C. 8 90	100	101⅞	101⅞	+0⅛	-0⅛	7.67
E.E.C. 8¼ 93	250	101¾	102¼	+0⅛	-0⅛	7.97
E.I.B. 8 93	200	99⅝	99⅝	+0¼	0	8.07
Eurofima 7½ 90	100	99⅞	100⅛	+0⅛	-0¼	7.44
Finland Rep 7½ 90	150	99⅜	99½	5	-0⅛	7.72
Int Standard Ele 7⅞ 93	100	100⅝	101⅛	+0⅛	0	7.61
Ireland 8⅞ 91	150	100	100½	+0¼	+0⅛	8.59
Japan Dev Bank 7⅞ 90	100	101	101¾	+0⅛	-0⅛	7.22
Kobe City 7 93	120	96¾	97¼	+0⅛	-0⅛	7.44
L.T.C.B. 8 90	100	102½	103	0	-0⅛	7.46
Renault Acceptance 8 90	150	98⅛	98⅝	+0⅛	-0⅛	8.31
S.D.R. France 7⅞ 93	100	97⅛	91⅛	+0⅜	+0¼	8.26
Sth African Tran 8¼ 90	100	00⅞	89⅜	0	0	8.41
World Bank 7½ 90	250	98	98½	+0⅛	+0¾	7.94
World Bank 7⅞ 88	300	99⅞	100⅜	0	+0⅜	7.84

Av. price changes: on day +⅛, on week +⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
AKZO 5⅝ 93	100	99	99¼	+0¼	0	5.74
Bank of Tokyo 6 91	100	102⅛	102⅜	-0⅜	-0¼	5.63
Bergen, City of 5¾ 95	40†	99½	100	+0¼	+0⅜	5.78
Carls-Tuborg Brie 5¾ 93	80†	101⅞	102¼	+0⅛	+0⅜	5.47
Denmark 6⅛ 91	100	100½	100¾	-0½	-1⅜	6.26
E.D.C. 5⅞ 91	100	100⅛	100¾	+0¼	0	6.27
E.I.B. 5¾ 93	100†	98	98½	+0⅛	-1⅛	5.99
Ex-Im Bk Japan 5⅝ 91	100	99½	99¾	0	+0¼	5.68
Ind Fond Finland 6¼ 91	40	101¼	101½	+0¼	-0¼	6.02
Int-Am Dev Bk 6⅛ 93	100	100½	100¾	+0¼	+0½	6.03
Japan Dev Bank 5½ 93	100	99	99¼	+0½	0	5.62
Japan Dev Bank 5⅞ 93	100	101¼	101½	+0¼	+0⅛	5.69
Kansai Elec Power 6 91	100	102	102½	+0⅛	-0⅜	5.63
Kawasaki Steel 6⅛ 91	100	101	101½	+0⅛	-0¼	5.91
Montreal Urban 5¾ 93	100	101	101¼	-0¼	-0⅜	5.59
Mount Isa Finance 6 93	100	102⅞	102⅜	+0¼	-0½	5.66
Nisshin Steel 6¼ 91	100	100¼	100½	+0¼	+0¼	6.10
Osterr Draukraft 6 93	100	102	102½	-0⅜	-0⅜	5.69
Osterr Post 6⅜ 91	100	102⅞	103	-0⅛	-0⅛	5.65
Quebec Hydro 5⅞ 93	100	100¼	101	-0⅛	-0⅛	5.38
Sekisui House 6 93	100	100½	100¾	+0¼	-0⅜	5.91
Sumitomo Heavy Ind 6 91	100	99⅜	100	+0¼	0	6.02
Sumitomo Metal Ind 6 91	100	100¼	100½	-0½	-0⅛	5.93
Tokyo Elec Power 5⅞ 91	100	100⅞	101	0	0	5.73
Tritec Corp 6¼ 91	100	100⅞	101¼	+2⅛	-0¼	6.07
World Bank 5⅝ 93	100†	99	99¼	0	0	5.74

Av. price changes: on day +⅛, on week -⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 8⅛ 92	15	104⅝	105⅛	0	0	7.83
E.I.B. 8⅛ 92	15	102⅝	103⅛	+0⅛	+0⅜	7.73
Japan Airlines 7⅞ 87	8†	101⅛	102⅜	0	0	7.88
New Zealand 7⅞ 89	15	102	102⅝	+0⅜	0	7.11
World Bank 8⅜ 92	20	103⅛	103⅝	0	0	7.32

Av. price changes: on day 0, on week +⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Farm Credit 12¼ 90 C$	75†	99⅜	99⅞	0	+0½	12.47
Norcen 12⅜ 93 C$	60†	97	97½	+0⅜	+0⅜	13.26
TD MTG Corp 12½ 88 C$	40†	100½	101	+0¼	+0⅜	12.27
Quebec Hydro 12⅞ 93 C$	50†	100	101	+0½	+1½	12.85
Royal Trstco 12⅛ 88 C$	60†	99⅛	100⅛	+0⅜	+0⅜	12.61
World Bank 12¼ 90 C$	75†	99½	100	+0¼	+1	12.30
Xerox Canada 12 88 C$	40†	102¼	102¾	+0⅜	+0⅜	11.29
E.E.C. 11⅛ 93 ECU	70	100⅛	100⅝	0	-0⅜	11.10
Genfinance 11 90 ECU	60	98⅞	99⅜	0	+0⅜	11.16
Algemene Bank 8¾ 88 Fl	150	100⅝	101⅛	+0⅜	+0⅜	8.51
Bank Mees & Hope 8 88 Fl	75	101½	101⅞	+0⅜	-0½	8.64
Elect Sup Brd 8¾ 88 Fl	75	97⅞	98⅜	+0⅜	+0⅜	8.24
P.H.P. 8¾ 88 Fl	50	100⅛	100⅝	+0⅜	0	8.61
Swed Exp Cred 7⅞ 88 Fl	100	98⅞	99⅜	+0⅜	-0⅛	8.82
World Bank 8 88 Fl	100	102⅛	102⅝	+0⅜	0	8.24
O.K.B. 14 86 FF	400	100½	101⅛	-0⅜	+0⅜	13.72
Solvay & Cie 14¾ 86 FF	200	101⅞	102⅜	-0⅛	-0⅜	13.54
B.F.C.E. 11¼ 88 £	50	98	98½	0	-0⅛	11.67
British Oxyg 11⅞ 51 £	00	100	100⅝	0	-0⅛	11.84
CEPME 11⅛ 95 £	25†	99⅝	99⅞	+0⅛	+0⅜	11.36
E.E.C. 11⅞ 01 £	50	99⅝	100⅛	0	-0⅛	11.85
E.E.C. 11⅞ 93 £	50	99⅛	99⅝	-0⅛	-0¼	11.90
Fin. For Ind. 10½ 90 £	20	94½	94⅞	+0⅛	0	11.71
Finland Rep 11⅛ 00 £	50	90⅝	90⅞	0	-0⅛	12.00
Fin Mat Oranj 12⅝ 92 £	30	103⅜	103⅞	0	0	12.28
Gen Elec Co 12½ 89 £	50	102⅞	103¼	-0⅜	-0⅜	11.24
I.U.I. 10⅜ 93 £	25	93⅛	93⅝	-0⅛	-1⅛	11.82
Mort Bk Fny 11⅞ 89 £	18	97	97⅜	0	0	12.30
Norsk Hydro 12 90 £	30	101⅞	102⅜	-0⅛	-0⅜	11.48
Sweden 11⅛ 93 £	80	96⅛	97	+0⅛	-0⅛	11.83
Swed Exp Cred 11⅛ 00 £	30	97⅜	98⅛	0	0	11.86
World Bank 11⅛ 88 £	100	97⅝	98⅛	0	-0⅜	11.83
World Bank 11⅞ 01 £	75	99⅝	100⅛	-0⅜	-0⅜	11.38
Euratom 11 93 LuxFr	500	101⅝	102⅜	+0⅛	+0⅛	10.81
Europarat 10⅜ 93 LuxFr	600	102⅝	103½	0	+0⅜	10.22

FLOATING RATE NOTES	Spread	Bid	Offer	C.date	C.cpn	C.yld
B.F.C.E. 5⅛ 87	0⅛	99⅞	100	27/1	10¾	10.80
B.F.C.E. 5⅛ 88	0⅛	99⅝	99⅞	20/1	10.16	10.21
Caisse Nat Tels 5⅛ 90	0⅛	99⅛	99½	21/10	9.00	9.02
C.C.F. 5¼ 95	0⅛	99⅝	99⅞	7/4	9.94	9.98
C.C.F. 5¼ 00	0⅛	99⅞	100⅛	24/3	10.19	10.19
Cepme 5¼ 90 WW	0⅛	99⅝	100⅛	3/12	10.06	10.07
Cepme 5¼ 02	0⅛	99⅜	100	19/12	10½	10.51
Chemical NY 5¼ 94 ††	0⅛	100⅜	100⅞	23/12	10	9.92
C.N.C.A. 5⅛ 95 XW	0⅛	99⅛	99½	7/12	10	10.00
C.N.T. 5⅛ 91	0⅛	99	99⅜	6/11	5⅛	9.33
Credit Agricole 5¼ 91	0⅛	99½	99⅞	24/3	10.31	10.35
Credit Lyonnais 5¼ 94	0⅛	99⅜	99⅝	6/1	10.31	10.36
Credit Lyonnais 5¼ 91	0⅛	99⅝	99⅞	1/4	10	10.04
Credit Nat 5⅛ 94	0⅛	99⅝	99⅞	9/3	10⅜	10.70
E.D.F. 5⅛ 95 XW	0⅛	99⅞	100⅛	18/2	11⅜	11.30
E.E.C. 5 90	0⅛	99⅞	100⅛	5/1	10.19	10.19
Kansallis Osake 5⅛ 92	0⅛	100⅛	100½	6/11	9⅛	9.00
Long Term Cred 5¼ 92	0⅛	99⅜	100⅛	27/11	9⅝	9.75
J.P. Morgan 5¼ 97 S	0⅛	100⅝	101	12/11	10.81	10.72
New Zealand 5⅛ 01	0⅛	100⅛	100⅝	7/4	9⅛	9.06
NZ Steel Dev 5⅛ 92	0⅛	100	100½	22/12	10⅛	10.22
Nippon Credit 5¼ 90	0⅛	100½	100⅞	18/2	11⅛	11.18
Soc Generale 5⅛ 98 XW	0⅛	99⅝	99⅞	9/11	9⅛	9.19
Société Générale 5⅛ 95	0⅛	99⅞	100	1/3	10.31	10.32
Sweden 5⅛ 89	0⅛	100⅛	100⅜	25/2	10.19	10.16
Sweden 5⅛ 93	0⅛	100⅜	100⅝	3/2	11.19	11.13

Av. price changes: on day -⅛, on week 0

CONVERTIBLE BONDS	Conv. date	Conv. price	Bid	Offer	Chg. day	Prem
Bridgestone Tire 5½ 96	3/82	470	113⅞	115⅝	+1⅛	2.84
Canon 1 81	1/82	748.2	214⅛	215⅝	+0⅜	-14.76
Daiwa Sec Co 5½ 98	10/83	908	98⅞	98	+2⅜	2.40
Hitachi Cable 5⅛ 96	2/82	515	100⅜	100⅞	+2⅛	2.42
Honda Motor 5¾ 98	8/83	904	112⅜	113⅜	+3⅛	1.80
Honda Motor 5½ 07	3/83	798.8	129⅞	131⅛	+3⅛	0.27
Kumagai Gumi 6½ 97	10/82	400	148	149½	+14	2.18
Kyowa Hakko 6⅛ 97	2/83	702	113⅛	114½	+3⅛	10.88
Minebea Co Ltd. 5½ 98	5/83	867	117⅛	118⅛	+0⅜	1.49
Mitsubishi Electric 5⅜ 98	6/83	398	113⅜	114⅜	+6	8.31
Nippon Electric 5⅛ 97	2/82	785.9	172⅛	173⅜	+4⅜	4.93
Nippon Oil Co 5½ 98	4/83	984	127⅜	128⅜	+0⅜	4.08
Nissan Motor 5⅜ 98	4/83	770	100⅞	101⅜	+0⅜	9.12
Olympus Optical 6⅛ 91	12/82	1331	105⅛	106⅞	+3⅜	6.94
Orient Finance 5⅛ 97	3/82	927.2	95⅛	96½	+4⅛	8.88
Orient Leasing 5⅛ 98	6/83	2800	96⅛	97⅛	+1⅜	-1.70
Secom 5 98	11/83	2028	119⅛	120⅜	+2⅜	1.20
Sumitomo Electric 5½ 97	3/82	977.3	116⅝	118⅜	+2⅜	1.82
Yamaichi Sec Co 5 98	8/83	472	95	96⅜	+0⅜	1.32
Yamanouchi Pharm'cal 4 90	10/83	1000	95⅜	96⅜	+2	8.53
NEC Corp 3½ 93 SF	8/83	878	138	138¼	+0⅛	-8.83
Sattai Paper 3⅜ 93 SF	9/83	716	101½	101¾	-0⅜	12.90
Asics 5 92 DM	12/83	520	106⅜	107⅜	0	12.47
Konishiroku 6¾ 90 DM	4/82	816	116⅜	117¾	+0½	3.66
Sow Realty 6⅛ 92 DM	2/83	308	123⅛	124⅜	+2	-2.98

* No information available previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C. date = Date next coupon becomes effective. Spread = Margin above six-month offered rate (†† three month; § above mean rate) for U.S. dollars. C.cpn. = current coupon. Cu.yld = current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.